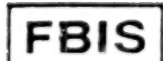


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20 FEBRUARY 1987

# Latin America Report



FOREIGN BROADCAST INFORMATION SERVICE

20 FEBRUARY 1987

## LATIN AMERICA REPORT

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CARIBBEAN NATIONAL MOVEMENT OFFICIAL INTERVIEWED

Kingston THE SUNDAY GLEANER in English 11 Jan 87 p 14B

[Article by Vincent Tulloch]

[Text]

The Caribbean National Movement (CNM) — to many a shady organization — gained national and regional attention last year when it swiftly condemned the United States for its bombing of the Libyan cities of Tripoli and Benghazi. The United States claimed then that Libya was a major sponsor of state terrorism and as such had to be punished.

A few months later the United States Department of State returned the compliment by circulating a document accusing the CNM of being a Libyan-front organization in the Caribbean with instructions to execute terrorist activities against regional governments and United States interests in the region.

In a recent interview with Hervin Chung, of the Kingston-based CNM, he traced the history of the organization and outlined its aims and objectives.

The CNM, he said, is dedicated to the structural transformation of the Caribbean society from social democracy to marxism. He made it clear that the CNM formed in 1981 — the ideas coming from a World Peace Council meeting in Bulgaria in 1980 — is nationalistic and anti-imperialist in outlook and that explains its close linkages to Libya.

Chung said that the CNM does not agree with the view that Libya is a terrorist state, hence he dismissed the allegations in the State Department document last year that linked it with Libyan terrorism.

Activities

The two documents from the State Department outlined the activities of the CNM and made it clear that regional governments were identified to be put under pressure. Terrorist activities predicted have not materialised but a recent article by a leading personality of the Movement has raised questions about what is really happening in the organization.

St. Lucian legislator and executive member of the Movement, George Odum, in a newspaper comment in November, called on his colleagues in the region to scrap the relationship with Colonel Gaddafi of Libya.

Odum said that Libya's Gaddafi wanted the CNM to play a leading role in terrorism in the region but that it slashed its aid when it realised that such assistance was not readily forthcoming.

Asked about that comment, Chung said that Odum was perhaps speaking out of frustration and more so for domestic consumption. St. Lucia is expected to hold national elections soon and it was necessary

for Odlum who leads a political party to appear respectable to a national electorate.

There are however some fundamental issues in respect of the CNM which needs further airing.

#### Internal Shake-up

It is clear that some internal shake-outs are taking place. Since the Odlum public comment he has been barred from speaking on behalf of the Movement. The individuals authorised to speak for the Movement are Chung; Tim Hector of Antigua and Roosevelt (Rosie) Douglas of Dominica. Odlum is under investigation.

Last year a major conference of regional thinkers in politics, culture, history and other related areas should have been held in July. Some

500 people were expected. It fizzled out. Though Chung did not say so clearly, it was obvious that projected Libyan funding from Gaddafi did not materialise.

Funding for the CNM comes from several sources including 'small donations' from Libya; fraternal organizations and friends.

The CNM, a closely-knit regional movement of nationalists and anti-imperialists thinkers, could be around for sometime. Indeed, its members seem very busy trotting the globe attending cell meetings.

State Department or not, Chung and his fellow travellers are of the view that their Movement is much stronger than any other regional political grouping and will remain a force to reckon with in the coming years.

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CSO: 3298/105

INTER-AMERICAN AFFAIRS

MOSCOW ON LIMA MEETING OF SOUTH AMERICAN COMMUNIST PARTIES

PY091755 Moscow in Spanish to Chile 2100 GMT 6 Jan 87

[Report on meeting of South American communist parties held in Lima, Peru, in December 1986]

[Text] The imperialist aggression against Nicaragua was the main topic of discussion during the conference of South American communist parties held in Lima, Peru, in December. The meeting was attended by representatives of the Communist Parties of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Panama, Paraguay, Peru, Uruguay and Venezuela. The conference approved two documents on the imperialist aggression against Nicaragua: a letter addressed to other communist and workers parties of the world and a manifesto addressed to the peoples of the world.

The text of the manifesto reads as follows:

A call to reject the imperialist aggression against Nicaragua.

The communist parties of South America call upon the peoples of the world, particularly those of Latin America, to defend Nicaragua from U.S. Government aggression. Nicaragua is victim of a criminal attack, and the people of the world know that the U.S. Government has prepared this irresponsible war escalation, which threaten peace not only in Central America, but in the entire world.

Our peoples and parties express their vigorous repudiation of the flagrant U.S. intervention in Nicaragua, which reveals that preparations for an open invasion are being accelerated. The United States is bent on smashing the popular Sandinist revolution, which put an end to the prolonged Somozist dictatorship--condemned by world opinion--thus opening the way to a democratic and pluralist regime which respects human rights, nonalignment, the undeniable exercise of the country's independence and sovereignty, and reaffirmation of the inalienable right to self-determination. The United States intends to smother with blood and fire the example of Nicaragua has set in the liberating struggle of the peoples of our continent. With that intention, the United States is expanding its intervention in the combative Salvador and its interference in Honduras, transforming it into a base for the belligerent U.S. operations in Central America.

The Reagan administration has organized and financed and is not directing the mercenary forces, thus brazenly unmasking its responsibility for developments in the area. The U.S. Government is violating U.S. resolutions, is ignoring decisions by the Hague International Court of Justice and is maneuvering to frustrate peace efforts of the Contadora Group and the Contadora Support Group, thereby systematically disregarding all the practices of international coexistence.

The Nonaligned Movement, a community of socialist countries, religious, social, and labor organizations, and the progressive political forces have made categorical statements against the interventionist plans of Yankee imperialism. Echoing the indignation of our peoples and our militants, the communist parties of South America, with determination and combativeness, call for the use of all forms of political, moral, and material solidarity with the fraternal people of Nicaragua who are being perfidiously attacked.

Let imperialism know that the attack on Nicaragua will not go unpunished. If necessary, the blood of the Latin American patriots will be spilled in defense of the fraternal republic which is the victim of the attack.

December 1986.

[Signed] Argentine Communist Party, Bolivian Communist Party, Brazilian Communist Party, Colombian Communist Party, Chilean Communist Party, Ecuadoran Communist Party, Guyanese Popular Progressive Party, People's Party of Panama, Paraguayan Communist Party, Peruvian Communist Party, Uruguayan Communist Party, and Venezuelan Communist Party.

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CSO: 3348/188

## NECTOR HITS BIRD FOR USING RACISM TO HIDE POLITICAL AIMS

St Johns OUTLET in English 19 Dec 86 pp 14-15

[Tim Hector column "Fan the Flame - Did the Fire-Bombing Signal Racial Conflict?"]

[Text]

The fire-bombing of Shoul's Chief Store, owned and operated by Antiguan born Ian Shoul, of Lebanese descent, has brought out a very strange reaction from Lester Bird's tabloid - **The Herald**.

Lester Bird's tabloid chose to see the commercial dispute between Shoul's Chief Store and Senator Bill Abbott's Mobile Shoe store as a **racial** conflict.

That conclusion was as stunning as any we have heard recently. Why racial conflict? What racial tension could be and can now be perceived between Arabs (Lebanese and Syrians) and the majority Black (African) population?

Not only that, **The Herald** accused Arabs not of **racialism**, that is, promoting their own race interests above all other races, but of **racism**, that is, of wanting to dominate commerce or merchandising in Antigua to the exclusion of all Blacks. That is a damn serious charge. And, if remotely true, worthy of examination and corrective action.

If one followed Lester Bird's tabloid to its logical end the conclusion would be arrived at, that Antigua is far worse

than South Africa. For here, a minority of Arabs, less than one (1) percent of the population, wished to dominate over, and subordinate, ninety-nine (99) percent of the population! This view, makes Arabs, and not Americans, the real economic and political power wielders in the land. Arabs, to be sure, do not own and control Tourism, 60% of GDP, direct and indirect. And Arabs do not control manufacturing or construction, which combined, constitutes a further 20% of GDP.

Is this Arab domination true? And if not why did Lester Bird's tabloid choose to propagate this view point? And at a larger level, what is the background and present state of Arab and Afro-Antiguan relations?

But first of all, what was entailed in the particular incident?

Shoul contends that Senator Bill Abbott's Mobile Shoe store was negatively affecting his business, modernised at great expense, and a symbol of his faith in and contribution to his country. As a result of Senator Bill Abbott's Mobile Store, crowds were blocking Shoul's display window, and his goods put on

sale to attract the viewing public were being blocked, or obscured.

Senator Bill Abbott, on the other hand, contends that he is a citizen, [like Ian Shoul born and bred here] that he had a legitimate peddler's or vendor's license; and that he had a right to park his vehicle in a proper parking area and ply his wares.

Straightaway, one sees here that the essence of the conflict is the right of two commercial enterprises to exist or coexist, either in disagreement or in peace.

Let us proceed further. How did other Arabs-Lebanese and Syrian-view the conflict? Because their collective view establishes whether or not they wish all Blacks, or some Blacks, excluded from merchandising, large or small scale.

We sampled opinion from among the Arab community, a sample of more than 15 Arabs, both Lebanese in origin or Syrian.

More than 80% of those Arabs questioned by us gave it as their opinion that **no Arab should be objecting to a peddler in Antigua. Because, said they, Arabs here, have a history of peddling their wares from house to house, disturbing potential buyers from among the Afro-Antiguan community, from their domestic chores, their leisure or homely pleasures to sell or collect credit payments. Others, Arab or Antiguan, must have the same right they insisted. And did so with passion heartfelt.**

They felt too, that Ian Shoul was ignoring this tradition, not maliciously or spitefully, but that he had become over-sensitive on the importance of his business. And too, that he was too easily threatened and over-reacted to what could have easily been settled. This feeling was general, if not unanimous.

Others there were, among the Arab Community, who held that as soon as one Arab did anything, there were those in the Afro-Antiguan community who were willing to label all Arabs with the error of the one.

**What was interesting was that none of the Lebanese or Syrian merchants felt that because Ian Shoul was Lebanese in descent, that they had to stand up for him and claim he was right, whether right or wrong. So that racialism was not even present, far less racism!**

Among the crowd of Afro-Antiguans who gathered outside the store, we found no personal hostility to Ian Shoul per se, **and no anti-Arab sentiments for sure.** The majority directed their ire to the Bird regime for sending in the police to block an Antiguan "from making a living". This view was near unanimous and Senator Bill Abbott appealed to the sentiment. He got tremendous support.

Others there were, who insisted that Ian Shoul "didn't sell shoes so what was he complaining about".

Yet others who felt that Shoul had used his political clout with Prime Minister Bird, and that the Prime Minister had openly sided with Shoul's against his own Senator and sometime body-guard. Senator Bill Abbott. **It was 'They', the powers-that-be, who didn't give a fig's end about local enterprise.**

There were others too, who felt that Senator Bill Abbott as a Senator, should have instantly obeyed the Police officers who ordered him to move, whether he had a right to be there or not. The police ordered, the Senator, of all persons, must obey.

As an interjection of the subjective, in this so far objective viewing, it must be noted, that this authoritarian view came almost exclusively from ruling ALP supporters. The police orders, and the citizen **must** lose and sacrifice



his rights to Police power or force. Authoritarianism, latent, present, and blatant. As usual, under the guise of defending law and order.

**What is important though, in the survey of Afro Antiguan opinion, both during and after the incident, is that the majority felt that the conflict was primarily political and not racially political.**

Arab and Afro Antiguan alike felt that peddlers had a right to exist. All of these felt and observed that the great majority of Syrian or Lebanese businesses had vendors, selling merchandise of one kind or another, outside their stores. And, that several Lebanese and Syrian merchants, had, for years, allowed local vendors to sell competitive goods right outside their store without no more than an occasional murmur. This is undeniable.

**So the accusation of Arab racism, in this particular incident, was not only unfounded, but unreal, if not dangerous.**

The most peculiar fact I noted in my personal enquiries was that no one, neither African nor Arab, noted that an Arab was once killed by a member of the Bill Abbott family.

At the time of the killing no Arab felt that he was faced with a race war, and that every Afro-Antiguan was out to get him. They accepted it as a personal altercation and a crime committed in the heat of passion. Manslaughter, I think, was the eventual verdict. And, there was not a ripple of tension after the killing, or during and after the trial. Senator Abbott himself had and has very good relations with the Arab community. An uncontestable fact.

Even after the fire-bombing no one expected Arabs to retaliate with violence of their own in defence of one of their own number. In other words, Arab racialism was not seen or expected.

Some people observed that in the night or for a couple of nights following the fire-bombing, there were a significant number of Brinks Guards at various Lebanese or Syrian stores. [I cannot confirm this] But if true, the Brinks Guards were all Afro-Antiguans, which meant that Arab businessmen did not form their own vigilante body from among their own racial group. In other words, they felt perfectly at ease having Black Security Guards protect their own businesses at the height of this crisis. In plain terms, they did not see the incident as a racial conflict, but were protecting themselves in case they were targeted. If it were seen as a racial conflict the Arab businessmen would have had to rely on their own vigilante group to provide themselves protection against irate Afro-Antiguans.

While race as a primary factor can be excluded and the Herald damned, it is equally undeniable that a large number of Afro-Antiguans were angry over the incident. The overwhelming majority took Senator Bill Abbott's side. They felt that he was unduly set upon, that he was in this incident more sinned against than sinning. Most felt that the police acted reluctantly and under duress from instructions from "way-up". And the overwhelming majority believed that there was political intervention from the top, against Senator Bill Abbott who, in this instance, embodied in his corpulence, local small enterprise.

**It is, or it ought to be pellucid, that Lester Bird's tabloid was using Race to cover-up the political intervention - the Central issue.**

**It is obvious too, that Lester Bird's tabloid was using the racial argument to obscure the fact that the ALP's para-military forces, in evidence between 1971-76, had returned to the scene. And this time, enraged by the actions of its own government.**

What Lester Bird's tabloid, (the Publisher is himself a lawyer by profession and

could well have advised his editor about this) should have said is that in a purely **civil and commercial dispute** Ian Shoul should have taken **Civil** action. That is, he should have, since he felt so strongly that Senator Bill Abbott's commercial activity was unfair, brought an injunction against Senator Abbott to restrain him and accept the eventual ruling of the Court as impartial and final.

What Lester Bird's tabloid sought to do was to **cover-up** the political involvement by inflaming racial passions instead. They tried to make it seem that Syrians and Lebanese, were, **as a group**, united in their opposition to Black enterprise. And worse, that they could as a racial group independently **and on their own**, involve police power, the power of the State, against Black enterprises.

By stretching the facts to the flagrant point of untruth one could put that interpretation on the incident. **But it is transparently untrue on examination.**

The cover-up is then patent, if not blatant.

I promised some background to Arab-Afro Antiguan relations.

Arabs came here towards the end of the 19th century, in post-slavery society which was barely different from slavery. As the popular saying of the time went "The backras [or buckras] owned all the land in the place and we went right on working for them just as before."

The ruling white racist British planters, naturally, did not accept the immigrant Lebanese as being equal to them. While Lebanese difficulty with English, and the fact that they **depended** on the Black Community for most, if not all, of their business created a bond between them and Afro-Antiguans. Many there are among the old Black Community who will tell stories of how Lebanese or Syrian credit offered to them allowed them to raise their standard of living.

This commercial-social relation between the Arabs and the Blacks allowed the Arabs to become the Scot merchants who dominated Scots Row. Arab merchants replaced the Scots.

But if there was a level of harmony, there was too a level of **discrimination based on race** between Arabs and Blacks. The Catholic Church was the epicentre of this discrimination. The Lebanese-Syrian Community were Catholics and by virtue of being wealthier they 'bought', by paying an annual rental, the front pews of the Catholic Church. Thus Whites, Portuguese and mainly Arabs, in time, occupied the front pews. And Blacks, the back pews.

A new-rich Lebanese and Syrians were establishing their new social status and economic power by this open discrimination. A Jim Crow line of demarcation was thus created. In the **middle** of Church ceremonies, High Mass or Low Mass, Blacks found seated in Lebanese or Syrian pews were ordered out, without style. The embarrassment was great.

**The Catholic Church approved and sanctified those relations.** The Lebanese and Syrians accepted those discriminatory relations as of 'Right'. And, to be truthful, Blacks accommodated to this unchristian (or Christian) racism. I resented it, and on coming of age at 16, left the Catholic Church and did so after having been a devout Catholic. I was, to be sure, more angry with the Black majority of Catholics who accepted this racism and escaped to Ottos Catholic Church to avoid confronting this overt racism in a Christian Church. The Belgian Priests blessed the racism, every day. Day in and day out. Christe eleison (Christ have mercy on us) notwithstanding. None spoke about it. And one Belgian Redemptorist priest dared to tell me that "I must learn to accept the real world". That 'real world' I have been against ever since and ever will be. By the middle and late 70's, I am told, this racism in the Catholic Church

disappeared. But I am also told that with the coming of Black Bishops the Lebanese and Syrian Community in the main, but not in whole, have taken less interest in the Church.

So that Syrians and Lebanese historically have had if not an **ambivalent**, then an **ambiguous** relation with this community. At the level of commerce they were often helpful to their patrons. That is unquestionable. At another level, they lived to themselves, an inward self-propagating group, helping each other (as was and is their right) but keeping their racial exclusivity. At once fraternal or socially so, at another level exclusive.

To be fair, their long history and culture allows and prompts Arabs to do this **everywhere**. Though in Jamaica, Trinidad and Tobago, and even Dominica, but in Antigua and Guadeloupe, they have inter-mingled more. **In consequence, there are little or no joint enterprises between them and members of the Black majority community here.**

I want my point to be clear for this is a most serious matter, involving sociology, history and race. Minority groups, everywhere and anywhere, have a **Right** to preserve their culture while harmonising themselves with the rest of the community. Sociology shows

that Minorities usually and only reluctantly inter-marry. And that inter-marriage provokes tension in the minority community. Such inter-marriages engender feelings, sometimes irrational, that the minority is being absorbed racially by the majority. It happens with Blacks too as a minority, say in the United States.

But the economic future of Antigua will depend in part on how far Arabs - Lebanese and Syrians - as accumulators of merchant Capital are prepared to enter into joint ventures, in **import substitution and export production**, with Black businessmen and the public sector. If the Arab Community fails that test, the present **appearance** of a high degree of social harmony could be transformed into its opposite, in substance. It is the harmonisation of economic interests, between racial groups, that leads to genuine social harmony between races.

Therefore, those who wish to provoke racial animosity between African and Arab are malicious in the extreme.

Therefore too, those who wish to turn the Bill Abbot-Ian Shoul **commercial dispute** into what it was not, a **racial conflict**, are in fact creating alarm to cover up the abuse of political power.

YOUTH ARM OF ALP AFFIRMS SUPPORT FOR VERE BIRD

FL092206 Bridgetown CANA in English 2320 GMT 8 Jan 87

[Text] St Johns, 8 Jan (CANA)--The youth arm of the ruling Antigua Labour Party (ALP) last night passed a resolution reaffirming its support for the leadership of Prime Minister Vere Bird, amid continuing unrest within the party following a New Year cabinet reshuffle.

President of the youth organisation Leroy Barnes said the motion put to rest unfounded statements around the country that his group was initiating moves to change the ALP leadership.

The rumours started after the central youth executive called an extraordinary meeting, three days ahead of its regular weekly session, outside the Ministry of External Affairs, "to discuss matters of grave importance." Meetings are normally held at Emancipation House, headquarters of the Antigua Trades and Labour Union (ATLU), labour arm of the ALP.

"We don't know who started these rumours but they are malicious in their intent and we believe it was done to undermine the confidence and the good working relationship that exists between the youth group on one hand and the leadership and the prime minister on the other," Barnes said.

Long-standing rumblings within the ALP erupted last week with cabinet Minister Adolphus Freeland, upset by losing responsibility for housing in the reshuffle, publicly speaking about taking over the Labour Party. Freeland later apologised for his outburst.

The young political organisation "unanimously and unequivocally" expressed its confidence in Bird's leadership and his "ability and foresight to govern the country in the best interest of all the people."

There was no official reaction from the government.

/9274

CSO: 3298/106

# PLP'S NOTTAGE CLAIMS FNM STOCKPILING WEAPONS, DRUGS

## Allegations at Rally

Nassau THE TRIBUNE in English 3 Dec 86 p 1

[By Alexis Wallace; a later report on the following allegations by Kendal Nottage, and the reported response of FNM official Cecil Wallace-Whitfield from THE TRIBUNE of 9 December 1986, have already appeared in these pages]

[Text]

FORMER cabinet minister Kendal Nottage from a public platform last night accused the FNM of stock piling weapons, ammunition, drugs and drug money in preparation for the 1987 general elections.

Mr Nottage was speaking at a PLP rally held at Columbus primary school yard. Rain put an abrupt end to his speech as his audience ran for shelter. The prime minister and his deputy were also among planned speakers present that rain forced to cancel their speeches.

"I want to give you some facts so that we can deal with the FNM on their one single issue," said Mr Nottage, "the only one issue the FNM got is their interpretation of what they believe the Commission of Inquiry did and trying to blame the PLP for the drug situation."

"Well let me tell you this, having been through the debate on the drug bill that just passed the other day, I say this - that the FNM is not serious about drugs in this country.

"They are not serious about eradicating the drug abuse and drug trafficking in this country and I can back up what I say. When we had the debate in the House of Assembly only the

leader, Mr Kendal Isaacs, he was the only person who tried to express any kind of commitment to the drug bill."

He said that even the deputy leader of the FNM did not speak on the bill itself. "Only Mr Isaacs tried to make any kind of a commitment on the drug bill."

"And I say, because I was there and watched the performance of the FNM, I say the FNM as a political party and as a political organisation of this country is not committed to the principle of the drug bill we just passed a few days ago."

"I am saying so because of this, they cannot go along and commit themselves to that bill because they are the ones, the FNMs are the ones, the FNMs are the people who formally introduced cocaine and marijuana in the Bahamian society," claimed Mr Nottage.

"All of us will remember the 1972 elections. It was the FNM who gathered our young boys and our young men, took them off their jobs, took them from the highways and the by-ways and formed what I will call a squad of terror.

"They formed what I call terror squads and they gave these young men guns, ammu-

nition and paid them with marijuana and cocaine, I'm tellin' you that. And one of the big drug houses and ammunition houses was right on Poinciana Drive, not far from St Barnabas church.

"You see I ain't come to talk foolishness tonight, I am come to show you that the FNM decided to call the PLP black before we call them pickey head," he said.

"It was in the 1972 election when all this gun fire and ammunition started to blaze across our heads. They were burning down our campaign headquarters, burning down the businesses of PLP generals and supporters."

Mr Nottage said that it was the FNM "who had these guys doped up with marijuana and cocaine from 1972, and talking 'bout they surprise about drug abuse in our society.

"It is them who started it," he claimed. "Speaking about guns, now this what going on right now, in 1986 the FNM are stock piling guns, ammunition and drugs, in preparation for the 1987 election right now.

"They are stock piling machine guns, ammunition, rifles, handguns, an Israeli gun, they are bringing them in cases

and suitcases now. The guns and the money and the drugs are hidden in Andros and in Grand Bahama. I will tell you the actual location later, but I just want them niggers to know that I know what is going on," he shouted.

He claimed they were bringing in "cases and cases of Oozies." He described the "Oozie" as a plastic gun "very

light and could break down in small pieces."

"How they get it here?" shouted a woman in the small crowd. "Don't worry how they get it here, it here," said Mr Nottage. "And we need to be vigilant and understand what is going on because they intend to blame us."

He said he would be able to call names as soon as the FNM challenged him.

#### Police Commissioner's Remarks

Nassau THE TRIBUNE in English 5 Dec 86 p 1

[Text]

COMMISSIONER of Police Gerald Bartlett said today that he received no complaint that the opposition Free National Movement has been stockpiling guns, ammunition and drugs in preparation for the 1987 general elections.

That allegation was made by former Cabinet Minister Kendal Nottage as he addressed a rain-shortened PLP rally last night. Mr Nottage claimed that the weapons and drugs were hidden in Andros and Grand Bahama.

Mr Bartlett refused to comment on the allegations, noting that "this is a political matter which I am not going to get mixed up in."

But members of the public reacted with outrage at Mr Nottage's remarks and challenged him to report the matter to the police and have an investigation conducted.

A police officer who is a member of the Strike Force team in Grand Bahama said no guns, ammunition or drugs are hidden on any rock or cay in that area.

"Every day we go on patrol," said the officer who asked to remain anonymous. "We leave Freeport and we head east and we patrol the entire coastal area of Grand Bahama."

"Mr Nottage said the FNM is stockpiling guns, ammunition

and drugs on a rock between Abaco and Grand Bahama. I am an officer who flies on DEA helicopters. We patrol the area every rock and every cay. If there were guns, ammunition and drugs out there, we would have found them."

Asked what he thought of Mr Nottage's remarks, the officer replied: "That's a lie. That's only a campaign gimmick he is coming up with."

Businessman Sidney Wilson challenged Mr Nottage to give the police the information he claims he has and have the matter investigated.

"He knows that these guns and ammunition and drugs are being stocked up and he has not reported the matter to his Minister of National Security and the Police? He is a risk to the community...He is supposed to notify the police right away," Mr Wilson said.

"If he doesn't turn it (information) over to the police, the police should call him in."

A woman who identified herself as a Government employee said that Mr Nottage, as former Minister of Youth, should show some responsibility and share his information with the Prime Minister and police.

"It was his duty when he addressed the House of Assembly during the debate on drug trafficking to share his knowledge then," she said.

She said that Mr Nottage last night spoke of the FNM having drug houses in 1972, but the Prime Minister in the House said he first became forcibly drawn to the drug problem in 1980. She said this means that Mr Nottage withheld information from the Prime Minister and his Cabinet.

The woman wanted to know why Mr Nottage allowed his wife to bring reggae musician Bob Marley, who was a "model of the drug culture," to the Bahamas in the late '70s if he felt this way about drugs.

Former House Speaker Arlington Butler said that the Prime Minister, Minister of National Security and Attorney General have a responsibility to investigate the matter.

He said that Mr Nottage is inciting the people and that this could endanger the lives of responsible members of the FNM and their families.

"Of all the irresponsible statements he has made, this is the most irresponsible," Mr Butler said.

"He has reached the stage where he is unable to distinguish truth from untruth."

He said that if Mr Nottage has any information, he had a duty to bring it to the legislature.

"It shows the desperate (nature) of these political people who are in the process of losing power."



UNION AT ODDS WITH ELECTRICITY AUTHORITY: OIL LEAK PROBED

Strike Vote

Nassau THE TRIBUNE in English 5 Dec 86 p 1

[Text]

THE Bahamas Electrical Workers Union last night voted 370-1 in favour of strike action against Bahamas Electricity Corporation.

The union has vowed to enforce the strike vote if their demands for salary increases are not met. The union is presently on a work-to-rule schedule although earlier union leaders had denied a Tribune story given by several of its members who said that they had been instructed to work to rule. In an official statement Tuesday BEC management confirmed that "employees in the bargaining unit of the Bahamas Electrical Workers Union are working to rule in furtherance of the

union's demands in contract negotiations which are currently in progress.

"This action," said the management statement, "has taken the form of deliberately working at a slow pace and refusing to come out to deal with emergencies outside of normal working hours."

Talks between the union and BEC broke down on Monday when the union rejected BEC's offer of a 15 percent across the board wage increase over the next three years. The union is insisting on a 35 percent increase.

Negotiations, however, resumed today and up to press time union officials and management were meeting at the Ministry of Labour.

Union president Samuel Mitchell said the union's action should indicate to BEC that once the union is in pursuit of its goals, they can be achieved.

Union members also voted 375-2 against foremen and supervisors being removed from the union's bargaining unit as requested by BEC.

Mr Mitchell said that as far as the union is concerned, BEC officials are "singing the same

old song...they don't have enough money to pay us."

But it was pointed out that BEC has been making "great turnovers in profits" for the last two years. The workers are asking for a little of the profits in return for faithful service, he said.

The union has also rejected a proposal by BEC management that all overtime be totally excluded from the company in the future.

"We are not going to sit by and allow management to bring other people in to do our work," said Mr Mitchell. "The workers are prepared to strike for their rights."

In its statement Tuesday BEC management said that 26 of BEC's vehicles at Big Pond station had been disabled by flat tyres that morning.

"As a result, the Corporation is unable to provide the quality of service which it normally provides and some consumers may suffer longer than normal outages," said management.

The union has denied that any of its members were responsible for disabling the vehicles. Police are investigating the matter.

### 'Sabotage' Suspicions

FL082305 Nassau Domestic Service in English 1800 GMT 8 Jan 87

[Text] Bahamas Electricity Corporation [BEC] officials have completed preliminary investigations into that fuel loss situation and have released a statement on the situation.

As Sherman Brown reports this afternoon, corporation officials do not think it was an accident:

It is estimated that the total volume of the spill is of the order of 180,000 gallons and that the valves were opened between the 16th and 29th of December of last year.

The BEC statement says the action seems a deliberate act of sabotage on the part of persons so far unknown.

BEC has notified the health authorities and the Water and Sewage Corporation and is working with these agencies to prevent any danger to the public from the oil spill.

A discrepancy between the amount of fuel pumped from Clifton pier and the amount received at Blue Hills prompted an inspection of the pipe line for leaks.

The pipelines consist of two 6-inch diameter pipes laid alongside of each other. There are a number of inspection points on the pipeline at which there are isolating valves and vent lines connected to the pipes. These inspection points are located in manholes with heavy iron covers. At the manhole located several hundred yards south of Blue Hills power station, there is between Blue Hills Power station and Carmichael Road, the valves on the two vent lines were found open and oil was spilling out of them.

The spill appears to cover an area between the manhole and Carmichael Road, the exact extent of which has not yet been determined.

/9274

CSO: 3298/107



FNM YOUTH ARM'S NEW LEADER DISCUSSES CURRENT ISSUES

Nassau THE TRIBUNE in English 5 Dec 86 p 12

[Article by Alexis Wallace]

[Text]

WHEN the drug trade is stamped out and the money from it is gone, Torchbearer's president Carl Bethel predicted that the tourism and banking industries will not be enough to employ this nation's youth.

Mr Bethel, a 25-year-old lawyer, who took over the presidency of the youth arm of the FNM on October 17th, spoke on the last evening of the Torchbearer's three-day convention.

He told his listeners that the key to rehabilitating the economy from drug addiction lies in self sufficiency in agriculture and fisheries.

He said that self sufficiency in agricultural production was absolutely necessary to provide jobs for the youth and to protect national sovereignty.

"When the drug trade is stamped out, as it must be, and the money is gone, there must be something else for our people," Mr Bethel said that tourism and banking are not enough and could not employ the nation's youth. "What is there to prevent another invasion?" he asked.

"The FNM will do whatever it takes to put the Bahamian farmer and fisherman on his feet," He said that it was ridiculous to import all basic foods from abroad when much can be grown here. "If we are so dependent on another country, then we are always at its mercy."

He paid special attention to the education and welfare of the country's youth. "In our Bahamas today we see a bankrupt educational system where only rich people who can afford private schools can buy a decent education for their children.

"Where university education is open only to the rich or to those who beg for political scholarship," He said that only lip service was being given to social service. "The Ranfurly Home desperately needs money and the Children's Emergency Hostel is full to overflowing."

"The government gave only a meagre \$10,000 to the Drug Action Service. Child abuse and incest are widespread problems and we have not even begun to deal with them," he said.

The youth leader said that on the 'New Direction' the FNM is committed to increased spending on social services and education "and we Torchbearers recommend that the FNM commit itself within five years to creating a University of the Bahamas, so that all who are qualified can get a university education."

"At this great Convention we Torchbearers have made a number of recommendations to our party on behalf of the youth," he said.

• "That there be a national youth award for excellence." He said it was time to start to promote and encourage all that is best in youth.

• "That a course of community service be made a compulsory part of the high school curriculum, instead of a national youth service which might interfere with the educational process and/or be used to keep the youth off the job market for an extra two years."

• Mr Bethel said that The Torchbearers would further recommend that whenever a public beach is sold by government that a proper pathway be retained on the property "so that the ordinary Bahamian has a right of access to the beach and is not deprived of his natural heritage."

"The unanswered question remains, how will the social services and educational reform and expansion be paid for?" he asked.

He said that tax consultants (local and foreign) will be invited to advise the FNM government on the best way to reform the tax system and to stop the oppression of the poor by high taxes and high customs duties, without introducing income tax.

"The Torchbearers recommend that the reasons for award of all government contracts be made public and that the full ownership of shares of any company awarded a government contract be disclosed, so that if any bag-man holds the shares, at least we will know for whom he holds the shares," said Mr Bethel.

BRIEFS

BAHAMASAIR STRIKE.--It is back to normal at Bahamasair, more or less. That's the word from the minister of transport, the Honorable Philip Bethel, on the heels of the termination of 110 employees of the airline, who refused to return to work from an illegal strike. Minister Bethel, observing that while there may be some disruptions in flights while some fine points are sorted out, says the matter has been settled and Bahamasair is flying again. Minister Bethel expressed his appreciation to those who stayed on the job in the best interests of the airline and the country. [Excerpt] [Nassau Domestic Service in English 1800 GMT 7 Jan 87 FL] /9274

CSO: 3298/107

ANGLICAN CHURCH DISPUTE FESTERS; ESQUIVEL INTERVENES

Letter to Bishop

FI300415 Bridgetown CANA in English 2227 GMT 29 Dec 86

[Text] Belize City, 29 Dec (CANA)--The St John's Anglican cathedral, which cancelled Christmas eve midnight mass for the first time in its 174-year history, will not be holding the traditional New Year's Eve service as well because of the current crisis in the church.

Spokesman the Rev Leroy Flowers said church leaders feared an attack on worshippers by disgruntled members who are angry at the transfer and later demotion of a priest at the cathedral.

Flowers also said law enforcement authorities had failed in their constitutional responsibility to guarantee freedom of worship.

The dissenters have been using noisy instruments, including pots and pans, and shouting abuse during cathedral services.

Flowers said that the church will be seeking a court injunction to stop the demonstrations and early in the new year will take action against the commissioner of police for failing to do his duty. He did not elaborate.

Jamaican-born Bishop Keith McMillan earlier this year transferred Canon Eric Richards at his request to a parish in the capital Belmopan amidst reports of difficulties between the two men.

Richards was later stripped of his Canon rank, as the demonstrations continued, for ungodly behaviour and failure to clear the air on charges against the bishop.

Meanwhile, Prime Minister Manuel Esquivel, whose minister of energy has been a leader of the rebellion, has written to the Anglican archbishop of the West Indies on the matter.

Archbishop Orland Lindsay had expressed concern over the impasse. He noted that the West Indies House of Bishops had told the government and people of Belize of their dismay at this state of affairs and called upon the government

and people of Belize to take steps to restore the rights of people to worship without let [as received] or hindrance.

In his letter, Esquivel said he was amazed that the provincial synod of the church in the province of the West Indies could pass a resolution on the Diocese of Belize containing as statements of fact resolutions condemning the attacks on the bishop and his family, the members of the clergy and others and the reluctance of the law enforcement agencies to protect the rights of the church guaranteed by the constitution.

The letter charged that the resolutions were passed having no first-hand knowledge of Belize, its government, or its church-state relations.

The prime minister also stated that it is my humble opinion that this should have been done before the synod's rush to judgment. It is unfair to the government and people of Belize.

Esquivel, speaking through an official in his ministry who asked not to be identified, said he would decline further public comment until the next Caricom (Caribbean Community) forum. But the official was not aware as to when and where the conference will be held.

#### Excommunication of Dissenters

Kingston THE DAILY CLEANER in English 9 Jan 37 p 1

[Text]

BELMOPAN, Belize, Jan 8.  
CANA:

The Belize Anglican Church has excommunicated 14 members from the Church as internal strife continues to plague the main St John's Cathedral over the transfer and subsequent demotion of a priest by Jamaica-born Bishop Keith McMillan, a spokesman said today.

Parish priest of the cathedral, Rev. Leroy Flowers, said the decision was taken in light of the continuing disturbance, every Sunday, when a "group of people come to disrupt our divine worship."

Flowers also said the Anglican diocese was considering legal action against Commissioner of Police Bernard Bevens "for failing to do his duty" with regard to preventing the disruption of services, which was done in the presence of police officers.

"Police officers can only do their duty if they are given the freedom to exercise their authori-

ty under the laws of the country," Flowers said.

In the view of the diocese, he added, "this authority has been taken away from the police and therefore they cannot perform their duties."

A government minister has been in the forefront of the rebellion against the decision to strip Rev. Eric Richards of his Canon rank after he was transferred from the cathedral. The protestors want the removal of Bishop McMillan.

Government has declined comment on the affair.

**Local note:** The Anglican Lord Bishop of Jamaica, the Rt. Rev. Neville DeSouza last night declined to comment on the situation until he has received word from the Church of Belize.

Excommunicating an Anglican member means that a priest or bishop can bar the person from receiving holy communion. A local Anglican source described this move as a "rare occurrence in the Anglican church."

POLL ON SARNEY'S PERFORMANCE, CRUZADO PLAN

PY220145 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jan 87 p 4

[All figures as published]

[Text] The Planalto Palace yesterday released the results of a poll conducted by the Gallup Institute in different parts of Brazil. It shows that 50.3 percent of the Brazilian people believe that President Sarney is not governing the country well. According to the poll, 12.8 percent of the people believe that the president is governing the country "very well," while 34.2 percent believe that he is governing "well." Therefore, 47 percent of the people believe that Sarney is governing either "well" or "very well."

In spite of these figures, yesterday the Planalto Palace was optimistic about the results because, the poll called for rating the president on a scale running from plus to minus five. Sarney was given good marks. Eighty-four percent of the people gave Sarney positive marks, while 16 percent gave him negative marks.

According to the Gallup poll, 65.3 percent of Brazilians believe that the price freeze should be maintained, even if this causes a shortage of supplies. Another 27.2 percent believe that prices should be unfrozen and 3.5 percent gave different answers. Four percent did not have an answer.

According to the Gallup poll, 18.5 percent of the Brazilians believe that their economic situation worsened after the Cruzado Plan; 38.1 percent believe that it remained the same. Only 41.8 percent believe that their situation improved. A small 1.5 percent did not have an answer.

Only 47 percent of those interviewed believe that the Cruzado Plan worked; 35.5 percent believe that it did not; 10.4 percent did not have an answer.

Only 47 percent of those interviewed believe that the Cruzado Plan worked; 35.5 percent believe that it did not, 10.4 percent did not have an answer; 5.1 percent believe that the plan has positive and negative points; 0.4 percent believe that nothing has changed; and 1.3 percent gave different answers.

The majority of the Brazilian people believe that the Cruzado Plan will not work in the future. According to the poll, 34.3 percent believe that the Cruzado Plan will not do well in the next 6 months; 19.5 did not have an answer; 3.1 percent gave different answers; and 43.2 percent believe that "it will work out."

The Gallup poll was taken during a 3-week period beginning on 22 November 1986. The poll interviewed 2,507 people, men and women from 18 years old up in different regions of the country.

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CS0: 3342/61

ABCE VIEWS ADVERSE FACTORS PROMPTING TRADE BALANCE DECLINE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Dec 86 p 58

[Article by Jorge Abduch]

[Text] It is unlikely that the Brazilian balance of trade will show a surplus of more than \$10 billion this year, even if the government should adopt new measures to stimulate exports. This prediction comes from Norberto Ingo Zadrosny, president of the Brazilian Foreign Trade Association, ABCE, who believes that this performance could be considered very good if it were maintained as a monthly average and did not represent the results of a declining trend in foreign sales. Cautioning that he would need to see the results of November exports in order to make a more thorough analysis, Zadrosny points out that a projection made on the basis of the trade balance for the past 2 months does not bode well for the coming year, during which the surplus is likely to fall to half its 1985 level, i.e., to \$6 billion.

The fruit of a series of adverse factors, such as the fall in commodity prices--which, for coffee alone, cost the country \$1.6 billion in relation to the initial forecasts--rising production costs and financial costs, the poor performance of the trade balance had only one positive aspect: it led the government to take a pro-exports position. In Zadrosny's opinion, that change in attitude is more important than the other measures in the Cruzado II plan--even more significant than the decision to make mini-devaluations in the exchange rate. Still, the government is a far from formulating a long-term policy on exports such as the sector has been urging it to do for many years.

Electronic Data Processing

The president of the ABCE believes that the slump in exports is not only due to the premiums paid on raw materials prices, the rising labor costs, and the higher financial costs of obtaining working capital--all of which have led the majority of the exporting companies to cut back their sales to the minimum needed to prevent losing markets already won. The interpretation of the Electronic Data Processing Law has also put a damper on export-oriented industry sectors. That is because competitiveness in world markets turns, basically, on three factors: product quality, price, and delivery time. And in that kind of competition, Zadrosny states, the countries that have the most modern and technologically most sophisticated equipment can offer better

quality at a lower price.

A strict interpretation of the Electronic Data Processing Law, he adds, disturbs things in still another way--by preventing foreign companies from investing in Brazil in the kind of programs that have been developed by several sectors where plans envision setting production quotas for foreign sales. Furthermore, he points out, there is the issue pending with the United States regarding the market reserve in this industry, which could result in retaliations against Brazilian exports. This is something that must be looked at very carefully, before we pass the point of no return. In the last analysis, he says, one must look at the whole picture and see whether Brazil has enough financial backing to embark on a trade war with the United States, although experience in this field would indicate that a bad agreement is always better than a good fight. Besides, the U.S. president does not have as much clout now, to enable him to once again veto punitive measures against Brazil.

Zadrosny uses the same argument to discount the likelihood of a unilateral moratorium on the foreign debt. He says that this would push Brazil into a major recession. Declaring a moratorium, he says, would close off billions of dollars in short-term export and import credit to Brazil. In order to grow, or at least to stabilize, the country needs to import crude oil, raw materials, and equipment. In the event of a moratorium, everything would have to be paid for in cash; obviously there would not be enough funds.

#### Competitiveness

As a way of reviving the competitiveness of Brazilian products and setting up ideal conditions for boosting exports back to their 1985 levels, the president of the ABCE urges the adoption of some measures to complement Cruzado II (which, in reducing domestic consumption, eliminated one of the obstacles.) The basic outlines of Zadrosny's proposal call for the adoption of the neutral dollar (to prevent speculation) and the guarantee that financing and equipment [sic] could be obtained on the same terms as overseas. "We do not ask the government for subsidies or favors but we do want to be able to operate under the same conditions as our competitors in other countries," he states. As regards interest rates on working capital, ABCE wants CACEX to make pre-financing for exports available in dollars--by releasing the corresponding sum in cruzados at rates in effect outside Brazil, such as the Libor, i.e., at about 6.5 percent per annum. The exporters would assume the exchange risks; actually there would be no risk because they would be receiving payment in the same currency.

The ABCE president believes that other steps may be necessary, such as eliminating the tax on financial transactions (IOF) on export loans, or improving port facilities to cut down the length that ships must stay in port, thereby cutting freight costs. He acknowledges, however, that these would be mid- or long-term measures.

Norberto Ingo Zadrosny predicts that, despite the new international trade context in which the various countries try hard to achieve equilibrium in their trade balances, Brazil's trade with Latin America and China will



increase. And even in the competitive pressure Brazil feels from the Asian countries has its positive aspects, such as the growth in exports of more sophisticated products because of Brazilian companies' longer tradition in the area of foreign sales.

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CSO:3342/48

OIL IMPORTS HALVED IN RELATION TO 1985 FIGURES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Dec 86 p 40

[Text] Brasilia--Between January and September of this year the country imported \$2 billion worth of petroleum, half of what was imported during the same period of last year, thanks to the drop in prices of the product from \$27 (average price per barrel) in 1985 to \$14 this year.

However, imports could rise to \$4 billion in 1987 if the price reaches \$18, as OPEC wants it to. That could affect the outlook for the balance of trade, which is forecast to show a surplus of between \$10.5 and \$11 billion.

Brazil's consumption of petroleum remained practically unchanged in 1984 and 1984, totalling 946 million barrels and 929 million barrels, respectively. This year, however, consumption will reach 1.090 billion barrels, up 18 percent.

In compensation, imports, which totaled \$6.736 billion in 1984, fell to \$5.418 billion in 1985 and this year ought not to exceed \$2.4 billion, thanks to a significant decline in the average price of imported oil, which has dropped from \$28.48 per barrel in 1984 to \$27.27 in 1985 and \$14.00 this year.

Besides benefiting from a reduction of about 50 percent in import prices, the country has also saved on foreign exchange by increasing its domestic production of oil from 190,000 barrels a day in 1979 to 612,000 barrels this year. Projections made by Petrobras, which take into account the potential of recent discoveries on the continental shelf--2.8 billion barrels, to be added to the 2.2 billion of proven reserves--self-sufficiency ought to be attained in about 1995 if the present level of investments is maintained or increased.

That picture, however, could change in 1987 if OPEC is successful in carrying out its plan to bring petroleum prices back up to at least \$18 per barrel, a goal it hopes to achieve now that Sheik Yamani, Saudi Arabia's minister of petroleum, has been replaced.

It is worth noting that forecasts for 1987 are based on a significant reduction in domestic consumption. This year's 18 percent increase would be cut to about 6 percent as a result of adjustments in the price of gasoline, a

method used by the government to transfer savings from the private to the public sector.

However, if those price increases were to be absorbed and demand remains at 1986 levels, the situation could get complicated and more oil might have to be imported. Right now are practically no reserves beyond what is dictated by security considerations. Considering the petroleum stored on land and in ships, current inventory would not exceed a 40-day supply.

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CSO:3342/48

RESERVES' STATUS CLOUDY SINCE EXTERNAL ACCOUNTS' DETERIORATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Dec 86 p 58

[Text] The prospect that the trade surplus for the month of November will be only \$250 million, as against \$1.078 billion in the same month of 1985 lends credence to the view that the country's external reserves have fallen below the \$5 billion figure cited by Treasury Minister Dilson Funaro in a report to the Senate and challenged by Senator Roberto Campos.

Ever since the deterioration of the external accounts began in September, information on the status of the reserves--already difficult to obtain--became even more scarce. However, careless remarks by those who deal with the exchange problem indicate that by mid-November reserves had already fallen to \$4.5 billion and may close out the year under \$4 billion, depending on the behavior of the trade accounts this month.

The Deterioration

The process of deterioration in the external accounts due to the decline in the surpluses in the balance of trade began in September, when the surplus fell to \$840 million, almost \$200 million below the figure for the month of August.

According to CACEX figures, the highest trade surplus of 1986 was recorded in May, when it reached \$1.296 billion; in June it declined to \$1.111 billion and in July to \$1.106 billion, picking up a little in August, when it was \$1.022 billion.

In September, pressure from imports of machinery needed by the industrial sector and food items required to deal with scarcities brought about a loss of \$200 million in the trade surplus. However, in October, the dramatic reduction in the trade surplus introduced another factor: a virtual paralysis in exports in view of the possibility that the cruzado might be devalued.

Furthermore, since August, the continued increase in demand on the domestic market began to divert production intended for export to satisfy those needs, a circumstance which worried the government and stimulated discussion in Brazil on the need to take tough steps to stem the tide of consumption.

The adoption of a new exchange policy, announced on 21 November within the context of the Cruzado II plan and featuring daily adjustments of the exchange rate of the dollar against the cruzado, helped exports to recover in the last week of the month. In addition, CACEX imposed strict administrative control on imports, thereby preventing Brazil from registering a deficit in its trade with other countries for the first time. However, the new exchange policy hasn't completely calmed the exporters; they continue to hold out hope for a maxi-devaluation of 10 to 15 percent in the value of the cruzado, despite repeated denials by the ministers in the economic area.

Besides all this, the pressure of domestic demand continues and is expected to increase this month because of the traditional end-of-year shopping and the increase in liquidity in the economy. Experts in the economics field hope that the measures in the latest economic "package" will reduce aggregate demand for goods, but such an effect, spurred by the increase in the income tax, would only be felt in the second quarter of 1987.

#### War Chest

There is a consensus among the experts that a continued decline in reserves powered by the negative performance in the capital account--loss of investments, rise in the level of repatriation of capital, etc.--would adversely affect Brazil's ability to confront its foreign creditors in negotiations to refinance the debt.

This is why the government is so obviously interested in moving ahead with these negotiations. It hopes to forestall a situation where Brazil might have to face the bankers when an exchange crisis is looming that would weaken its bargaining power in the negotiations and, more than that, encourage demands for a return to monitoring of the Brazilian economy by the IMF.

12830

CSO: 3342/48

WORKERS PARTY PROGRAM VIEWS ISSUES

PY272337

[Editorial Report] Rio de Janeiro Rede Globo Television in Portuguese at 2130 GMT on 26 January joins a national radio and television hookup of a one hour program prepared by the Brazilian Workers Party, PT, National Directorate.

In his opening remarks, the president of the PT National Directorate, Luis Inacio da Silva, popularly known as Lula says:

"The government is trying to eliminate a salary escalator clause that will protect the interests of the businessmen. While the Sole Central Workers Organization [CUT] is asking to no avail to talk with President Sarney, Finance Minister Dilson Funaro is meeting with businessmen in the quiet of the night in his residence to discuss the readjustment of prices, but not salary readjustments. So, we at the PT will hold up our proposal sparing no effort, to guarantee an effective salary escalator clause when inflation rises by 5 percent, so that the workers salaries are readjusted accordingly.

Salaries are readjusted as a consequence of inflation, which is in turn caused by price increases that are determined by businessmen and wholesalers. And what is worse yet, the government is expending more on its internal debt than it should. This is why the PT will work, not only in the constituent assembly but also among the social movements, so that the Brazilian working class will not take it on the chin."

Following Da Silva's opening statement, the program follows a format of questions posed by unidentified workers with the answers given by various PT leaders, interspersed with statements by actors, actresses, and sports personalities calling on the Brazilian people to keep faith with the PT.

The first question on the government's current economic policy is answered by Luis Gushken, federal deputy-elect for Sao Paulo, who harshly criticizes this policy and says that "the PT will demand that the price freeze be maintained." The next question is on the PT position on inflation, which is answered by federal deputy-elect for Rio Grande do Sul Olivio Dutra. He says that "financial speculation by bankers is to be blamed for inflation, which continues unbridled." Dutra then blames the government for lacking policies on agrarian reform and the foreign debt, among other issues, and states that

"the PT bloc will do something about these issues at the upcoming constituent assembly."

A question on the government's price-freeze policy is answered by PT economist Paulo Sandroni, who comments on the realignment of prices being contemplated by the government for the near term. He says that "no one knows what will happen after these measures are adopted" and calls on the government "to step up control over prices and to maintain the salary escalator clause to protect the workers salary against inflation."

PT National Executive Commission member Luiza Brundini answers a question on the rent freeze and the consequences of unfreezing rents. She says that "housing is one of the greatest problems facing the workers" and asserts that the "rent freeze must be maintained." She notes the seriousness of the housing problem for workers who earn low salaries and thus have difficulty paying rents, and even more so buying houses.

Questioned about the PT position on the problems of senior citizens, Olivio Dutra answers that "senior citizens have been badly treated by the government." Dutra points out that "they should at least receive pensions equal to real and decent minimum salaries." He says that "people must retire drawing the salaries they earned at the jobs they held when they retire," and that "these retirement pensions should be readjusted periodically." He also says that "the employers" contribution to social security funds must be increased."

Jaco Bittar, a member of the PT National Executive Commission, answers a question about what the PT will propose for the unemployment problem. Bittar says that "the government is lying when it says that there is full employment in the country." He adds that "70 percent of the workers are earning minimum salaries, and that the PT has proposals to guarantee employment and stop arbitrary dismissals."

Federal deputy-elect for Minas Gerais Virgilio Guimaraes Paula responds to a question on why the workers are more heavily taxed than the rich. He says: "The PT will propose at the constituent assembly that taxes on businessmen and bankers be increased, and that the government stop sending tax money abroad to pay the foreign debt."

Responding to a question on high interest rates, Luiz Gushken answers by saying that "high interest rates are the result of financial speculation, thus causing the cost of money to be transferred to consumers." He says that "the proposed PT solution to this problem is to nationalize the financial system"

Federal deputy-elect for Espirito Santo Vitor Buaiz answers a question on what the PT thinks about the foreign debt. He begins by noting that "every Brazilian child is born with a heavy burden of debt which he will have to pay when he grows up." He asserts that this is happening because "the IMF is dictating the country's economic policy," and he promises that "the PT will take the issue to the constituent assembly." Buaiz states that "the PT position is that the payments on the foreign debt must be suspended."



Asked what will happen if Brazil stops paying its foreign debt, PT economist Aloisio Marcadante answers by saying that the "foreign debt payments are the cause of unemployment and recession." He adds that "the country must be prepared before it stops making the payments by accumulating foreign reserves and indispensable imported goods to get the country ready to face such an emergency." "We either suspend the foreign debt payments or we will revert to the times of borrowing new money, thus becoming burdened with additional and interminable debts," according to Marcadante. He mentions the example of Peru regarding the foreign debt and says that "Brazil certainly can adopt a similar position."

PT Federal deputy-elect for Sao Paulo Plinio de Arruda Sampaio, replying to a question on agrarian reform, says that "the nub of the problem lies in the concentration of land ownership, which causes widespread misery." He says that "the agrarian reform proposed by the PT goes beyond land distribution to include credit facilities and technical assistance." He says that "agrarian reform must be directed at the large land owners."

Pt President Luiz Inacio da Silva answers a question on the social pact by saying that "the government talked about a social pact at the beginning and then dropped the idea when it thought that the economic measures it has adopted had solved the problems." Now, he adds, "when the government realizes that its economic plan has failed, it is again talking about a social pact." This time, however, "the government must come up with specific proposals to meet the workers specific demands."

Regarding the social pact, Jair Meneghetti, president of the SNT, says that "it is no more than a discussion to decide how long the cord should be to hang a man." "The government must be serious about consulting with the workers, and decide to tackle the foreign debt problem before anything else," says Meneghetti. He adds that "the workers minimum salary must be 4,884.60 cruzados, according to PT calculations, and that the price freeze must be continued."

A question on the right to strike is fielded by Jaco Bittar, who says that "first, unions must be guaranteed autonomy before the right to strike can really be exercised in defense of worker rights and in support of their demands."

Answering a question on the performance of the PMDB [Brazilian Democratic Mobilization Party], PT National Executive Commission member Helio Bicudo says that "indeed, the party has not been doing well in government; the promises it made have not been fulfilled." He explains that the reason is that "the PMDB is not really a party, but a patchwork of groups," and calls on the party followers "to demand consistency from the PMDB leaders between their promises and their performance."

A question on the PT's plans at the constituent assembly is answered by Irma Passoni, a PT Federal deputy for Sao Paulo. She explains the party's view on how the constituent assembly should work, and adds that "the PT will try to have the constituent assembly do away with bad laws and that its proceedings



be carried on television so that the people can see for themselves what their representatives are doing on their behalf."

A last question on what the constituent assembly will do to solve the problem on the high cost of living is answered by Luiz Inacio da Silva, the PT president. He says that "the bread-and-butter problems will not be solved by the constituent assembly directly, but by the daily struggle of the people." He says that "the PT will strive to have a constituent assembly deliberating in a single body, without congressional sessions during the same period of time." "Only in this way," he says, "will the Constituent Assembly be able to reach its conclusions in the shortest period of time." Da Silva says "the people's struggle will help to have such a constituent assembly," and then recommends that "the people must mobilize themselves to pressure the delegates." Otherwise, Luiz Inacio da Silva warns, "the monied men, not the people, will end up dictating the rules of the game once more."

/12913

CSO: 3342/70

## BRIEFS

FUNCEx ANALYSIS OF TRADE BALANCE--Brasilia--The October results of the balance of trade--a surplus of only \$210 million--would, if projected over the next 12 months, generate a surplus of only \$2 billion for the period. The same projection, made on the basis of the 3 months ending with October, calls for a surplus of \$7.6 billion by the end of this year, not enough to enable the country to meet its foreign commitments. This shows clearly the need for a turnaround in exports; otherwise Brazil will face a foreign exchange crisis. This is the conclusion reached in a document entitled "The Performance of the Balance of Trade and the New Exchange Policy" prepared by the Foreign Trade Foundation, FUNCEx, a research body linked to the Foreign Trade Department of Banco do Brasil, CACEX. The report notes that an analysis of the trade balance for the current year shows a gradual reduction in the surplus, and that this is due to overheating of domestic demand. The document goes on to say that these indications were felt particularly keenly beginning in June, so that the delay in taking corrective measures caused a fall in foreign currency reserves. In the opinion of FUNCEx, the present exchange policy of mini-devaluations should ensure a constant cruzado/dollar rate in real terms and thus maintain the profitability of the export business. The foundation argues, however, that one should also take into consideration the exemption from the PIS levy and the additional cut of 10 percent in the income tax that depend on the relationship between foreign sales and total sales. Furthermore, the postponement of the automatic readjustment of wages, accomplished by changing and expurgating the inflation index, will act to reduce average real wages, benefiting the wages/exchange relationship. The report also points out the importance of reducing domestic absorption of goods in order to raise the exportable surplus "otherwise we will not see a better performance by foreign sales." [Text] Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 86 p 18 12830

FUNARO ON SHOCK MEASURES--Finance Minister Dilson Funaro has stated that the government does not intend to implement shock measures on the economy with a general and immediate readjustment of prices. However, he added, the government next week will study the readjustment requests submitted by the industries. Regarding salaries and the escalator clause [gatilho salarial], Funaro stated that for the time being, there is no intention to change the salary policy. He also defended the gradual increase of the minimum salary. [Text] [Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 24 Jan 87] /9599

CSO: 3342/61

## CHARLES MAINTAINS CARICOM 'IS NOT WORKING PROPERLY'

Port-of-Spain SUNDAY EXPRESS in English 11 Jan 87 p 16

[Text]

**DOMINICAN Prime Minister Eugenia Charles has said that Caricom (Caribbean Community and Common Market) is not working.**

"As far as I'm concerned, Caricom is not working properly, and nobody wants to say it so bluntly" said Charles in the December 1986 issue of 'The Courier', a bi-monthly Caribbean/European publication.

The lady Prime Minister blamed the decline in the Caricom region on financial and monetary problems. "The countries have financial problems. They have rates of exchange problems, devaluation etc. So I can understand why it has a hopeless budget strain. I also think that Caricom has spread itself too thin, and I think that it should be paying much more attention to industry, to trade, to commerce."

She argued: "It is what it was designed to do, there are too many

other debts — they are wasting too much time on fringe things. And I think it is very important that our regional programme, gotten through Caricom should address the problems of all the islands — particularly the smaller islands. They are now beginning to try to pay more attention to our needs. It will take some time before it builds up — especially to get agreement at this time, when all the larger countries are having difficulties — it isn't so easy to see any reason for doing it."

Asked whether she thought the smaller islands were losing out, Charles said: "Not really, but we did lose out. I think now that they are trying. Since we've had the OECS, which has shown a great ability to bring the small islands together, and have us talk with one voice, I think in fact that Caricom is paying more attention to us. I think it is because we have a

more forceful presence as OECS. But OECS has done a lot for us — has been very successful, and very good, and its wonderful to see an association where you can have all different points of view, but we can get together for the things that mean something to us, and have a regional aspect, a regional thinking on it."

Charles, who said that Caricom States should learn to do things together, even with the cost perspective told 'The Courier', "We have found that regional things cost too much. Our university, for instance, is costing us much too much money. No person can afford to go to the university unless he gets a scholarship. I don't think anybody in Dominica has gone in the last 10 years as a private student, because it's too expensive."

She added: "Once you become a regional institution you merely become an international

institution, and so the costs are the same as they would be in the large international world. And we don't have the money to support that, and therefore we are not getting the benefit out of these regional institutions. They are costing us far too much."

With regards to WISCO, Charles says the organisation is a waste of time. "We have withdrawn from it," she told 'The Courier'. "It doesn't serve its purpose. I am a great believer that if something is created to serve a purpose, and doesn't serve that purpose, then you must get rid of it. You are wasting money on it if it doesn't serve its purpose. And WISCO is not, it does not give you the shipping you want, it does not get our produce back and forth."

"Belize," she added, "never sees a WISCO boat and yet we could do a lot of business trading with Belize if we had proper shipping facilities."

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CSO 3298/109

## BRIEFS

DLP ACTION--Roseau, 30 Dec (CANA)--The opposition Dominica Labour Party (DLP), which broke an 18-month boycott of House of Assembly debates yesterday, intends to resume an active role in parliament in the new year, party leader Michael Douglas indicated today. In a statement, Douglas said the DLP resolved to defend the rights of the people both in and out of Parliament in 1987. Douglas said the government had used the opposition's absence from Parliament to pass anti-democratic and anti-worker legislation. The opposition leader and some of his colleagues spoke in Parliament yesterday after government lawmakers attacked the opposition as being communist. The speeches ended a self-imposed silence which began in July 1985 to protest the end of the live broadcast of Parliament. According to the opposition leader, the baselessness of yesterday's attack highlighted a policy vacuum in government and the beginning of the diversionary tactic of the old communist boogie. The opposition also accused the government of plunging the country into unnecessary debt and totally bankrupting the economy. [Text] [Bridgetown CANA in English 2043 GMT 30 Dec 86 FL] /9274

CSO. 3298/109

## BRIEFS

CRITICISM OF TAX STRUCTURE--St Georges, 11 Jan (CANA)--Opposition parliamentarian Phinsley St Louis has criticised the tax structure introduced by government over the past year. It is proven that the tax system is basically unjust with an unfair share of the tax burden heaped on the shoulders of the low income (earner) while the wealthy and high income earners escape by paying little in comparison...he said. We must have tax justice based on the sound principles of ability of pay, said St Louis, who left the government last year. The government last year reduced from 20 to seven the number of taxes in Grenada and introduced a 20 percent Value Added Tax as the centre piece of its one-year-old tax reform package. [Text] [Bridgetown CANA in English 1858 GMT 11 Jan 87 FL] /9274

NUTMEG PRODUCTION--St Georges, 3 Jan (CANA)--Grenada, which shares the world nutmeg market with Indonesia, recorded total sales of 7.5 million pounds last year, general manager of the Grenada Cooperative Nutmeg Association Robin Renwick said today. This figure compares with the production of 6.6 million pounds in 1985. Renwick said production in Grenada and Indonesia, which had fallen off because of farmer neglect of fields, through improving, had not picked up sufficiently to meet the current world demand. The result, he added, was a dramatic increase in prices, an increase which both countries have exploited to their mutual advantage. Renwick noted that the average price of nutmeg in 1978 was EC2.62 dollars a pound, which declined to EC1.35 dollars in 1985. The average price in 1986 increased to EC2.23 dollars per pound and since July, with a strengthening market, prices have gone even higher than they were in June, the end of our last trading year. [Text] [Bridgetown CANA in English 1444 GMT 3 Jan 87 FL] /9274

CSO: 3298/110

## BRIEFS

GOLD PRICE--Georgetown, 5 Jan (CANA)--The government has extended the special gold price being offered to miners by a year. President Desmond Hoyte announced the extension to 31 December, 1987, after talks with officials of the Guyana Gold and Diamond Miners Association. Under the special price regime instituted to minimize smuggling, gold miners are paid a Guyana dollar price which is fourteen times the second London daily fix price of gold. Following the announcement, the miners have been obtaining a price ranging between 5,500 and 6,500 Guyana dollars per ounce of raw gold. Miners here last year sold a record 14,000 ounces to the gold board, which netted the government more than 5-1/2 million (U.S.) dollars. [Text]  
[Bridgetown CANA in English 1919 GMT 5 Jan 87 FL] /9274

CSO: 3298/111

## TEXT OF SEAGA STATEMENT TO PARLIAMENT ON IMF ACCORD

Kingston THE DAILY GLEANER in English 14 Jan 87 pp 20, 21

[Address to Parliament by Prime Minister Edward Seaga, 13 January 1987]

[Text]

**T**he country has been waiting a long time to hear the terms of an agreement between the Government of Jamaica and the International Monetary Fund, and I am pleased to be able to address this Honourable House and the nation on this matter tonight.

The reason for the drawn-out negotiations which have been in progress since last April, a period of ten months, was the determination of the Government that the agreement should be on the best possible terms for Jamaica.

The negotiations focussed on whether there should be an upfront devaluation of the Jamaican dollar. If it was acceptable to us to negotiate an agreement on this basis, we would have concluded such an agreement from the middle of last year.

Before dealing with the result of the negotiations, I want to outline the importance of avoiding a further devaluation in this agreement.

Over the past three years the Jamaican dollar has undergone a series of devaluations which have strengthened our export earning capability considerably. Indeed, as I have said on several previous occasions, devaluation saved the hotel industry which was on the verge of bankruptcy in 1980, revived agricultural exports to very profitable

levels, and made it possible for the manufacturing sector to move ahead strongly in the garment industry. All this set the stage for the record level of new investments — some 640 in six years, and reduced the rate of unemployment.

In short, we have benefited substantially from the strategy of devaluation, and we are still enjoying these benefits as the momentum continues.

But as everyone knows, there has also been the negative side. We have borne a high social cost, particularly in the rising prices of food, clothing, electricity, water supplies and gasoline.

So long as devaluation was needed to help the economy achieve the desired level of competitiveness; strengthen our earnings from tourism, agriculture, manufacture, and lay a foundation for improvement in the bauxite/alumina industry, we had to take that difficult path to ensure that the economy was put on a stronger footing.

We have done this despite the fact that during this period the earnings from our most important sector, bauxite/alumina, were cut in half, giving us far less resources to work with.

Added to all that we have been able to reduce the all-important deficits in our financial accounts from crippling and unsustainable levels of 20% of GDP, just a few years ago — to expected levels of 4% to 6% this financial year. This was one of the principal targets of the recovery programme.



## Paramount importance

Against this background, devaluation having achieved the desired results, we took the decision to use a different strategy to maintain the level of competitiveness on which our export earnings would continue to depend.

In fact, Mr. Speaker, what is of paramount importance is that it has been agreed with the IMF that the present rate of exchange of the Jamaican dollar at \$5.50, to US\$1.00 is now competitive and this, Mr. Speaker — I must tell you — played a crucial role in the negotiations.

We argued that devaluation was no longer necessary!

An alternative approach could be used! Reduce the level of inflation or cost of living in Jamaica to a low level which would maintain competitiveness generally, and adjust for any resulting small slippage in sectors of need only using an export tax rebate instead of devaluation.

The IMF, however, has a traditional way of doing things, Mr. Speaker, and changes its strategies only in rare circumstances.

After many negotiating sessions spread over some ten months, I am now pleased to advise this Honourable House and the nation that the IMF finally accepted our basic terms of negotiation! The management of the fund today agreed to a letter of intent submitted by the Government of Jamaica. This will be taken to the Board of the Fund in February and I now take pleasure in outlining the terms:

- (1) The term of the agreement is for 15 months to March 31, 1988;
- (2) The amount available for draw down by the Government is US\$132.8 million;
- (3) policy measures will be used by the Government of Jamaica to reduce the rate of inflation, that is, the cost of living index in 1987/88 to 7%; this is about one-half of the rate of increase for the present year;
- (4) The rate of exchange of the Jamaican dollar will continue to be stabilised around the \$5.50 level over the next 15 months, based on maintaining a low level of inflation;
- (5) A number of policy measures governing cost and other factors which produce inflationary pressures will be put in place to ensure

that the rate of inflation is restrained at a low level:

- (I) The present list of price controls on basic foods imposed last year will be retained over the 15 month period to which will be added price controls on fertilizers, animal feed, herbicides, pesticides, medicines and textbooks.
  - (II) Pay guidelines will be introduced limiting pay increases to 10% per annum for contracts signed after January 1, 1987, except where negotiations were far advanced prior to January 1, and the offers by employers were based on or within the previous pay guidelines. While the total increases in pay must not exceed 10% in a contract, employers will have the right to make some adjustments above 10% providing others are made below 10% to compensate. The 10% increase does not include negotiation of adjustments on uniforms, travelling, and other reimbursable expenditure. Last year the national average of wage settlements was 12½%.
  - (6) The tax reform programme for corporate taxation will be finalised reducing corporate taxes from 45% to 33%.
  - (7) A tariff reform programme will be introduced over the next four years. Import duties now range from zero to more than 200%. Under the new tariff, import duties will range from 5% to 30%. Within this range, import duties, i.e., customs duties, stamp duties and additional stamp duties, by the end of the programme period in four years, in 1991, will total no more than —
    - 5% for utilities;
    - 10% for raw materials;
    - 20% for capital goods;
    - 30% for consumer goods.
 This year the government proposes to reduce import duties to a maximum of 68% and each year will set the maximum level for the following year based on discussions with interest groups. It is also intended to reduce the duties on raw materials this year from 16% to 10%.
- The Tariff Reform Programme is designed to accomplish the same objective as the Income Tax Reform Programme. It will be recalled that before the tax reforms, the income tax structure featured very high rates of tax, as a result of which individuals found ways to

avoid tax by using a range of allowances to top up salaries, and increase earnings. In order to reduce income tax rates to 33%, we made such allowances taxable.

The same situation exists in respect of the high rates of import duties which give rise either to the need for a range of duty exemptions or increases the temptation to resort to smuggling. It is the intention of government to reduce the high rates of import duties to reasonable levels and by so doing eliminate the special import duties exemptions now given under such incentives legislation as —

The Industrial Incentives Act;

The Export Industries Encouragement Act;

The Hotel Incentives Act.

The general policy direction is to lower high rates of import duties and to eliminate duty-free concessions to compensate for the revenue loss. As duties are lowered, duty reliefs will be of less value. Indeed, the reliefs exist now only because duties are high.

- (8) Exporters will receive an export tax rebate of 7.5% of the value of all exports to non-CARICOM markets as an incentive to increase exports to third countries. This scheme commences February 2, 1987.

Exporters operating under the Export Industry Encouragement Act will be allowed to choose whether they wish to retain duty-free incentives for the life of the incentive period or to receive the export tax rebate.

The cost of reducing the maximum import duties to 68%, duties on many raw materials to 10%, providing export rebates of 7.5%, and the reduction of corporate tax rates to 33% will cost \$173 million. To help offset this cost, the increases of revenue from items previously duty-free under incentive legislation, as well as an increase in stamp duties on cheques, promissory notes, bonds, etc., and business licences, will raise an additional \$122 million, or \$50 million less than the cost of the reductions and incentives. No consumer products are included in this package of tax increases.

Next year it is our intention to reduce the stamp duty on capital goods from 30% to 25% or lower if possible.



The pace of reduction in duties will be set in consultation with private sector interest groups to lessen the possibility of any dislocations. The Jamaica Manufacturers Association, in conjunction with the Planning Institute of Jamaica and the Inter-American Development Bank, has already prepared a report on the funding required to enable the manufacturing sector to undergo the transformation necessary to modernise plant and production techniques to meet the more demanding standards and pricing requirements of the export market.

The government has already received indications of support for the amount of \$125 million as identified by the JMA to provide the necessary credits on a timely basis for the restructuring of the manufacturing sector.

One further matter was addressed in the IMF agreement. It is well recognised that Jamaican travellers have been forced to obtain foreign exchange by various means to supplement the impossibly small amount of US\$56 permitted by government regulations introduced in 1977. You will be happy to learn, Mr. Speaker, that this allowance will now be increased to one hundred and fifty U.S. dollars per person per calendar year. This is a step in the right direction.

This agreement, Mr. Speaker, represents a major breakthrough in the history of the series of agreements we have had with the IMF. The negotiations were long and tough, but they were well worth it. We were determined to avoid any up-front devaluation of the Jamaican dollar. We did so! But we must maintain this with a low inflation level.

In effect, Mr. Speaker, this means price stability for the next 15 months, allowing individuals, enterprises and government to make their plans with greater certainty. As a result of the stability of the exchange rate and the retention of price controls on essential items, price movements will be minimised. However, this requires moderate pricing policies by individuals and enterprises.

The essence of this new agreement is to hold the rise in the cost of living index to no more than 7% in 1987/88; or half the level of increase this year.

This will greatly benefit wage earners.

The phased reduction of import duties will assist consumers.

Business will benefit from the significant reduction in corporate tax levels from 45% to 33%, and the lowering of raw material costs by decreased stamp duties from 16% to the target level of 10%. Funding will be put in place to assist, over the next four years, those manufacturing companies likely to experience difficulties in competitiveness.

Agricultural production will have appropriate procedures to protect domestic production.

## Illegal imports

All enterprises will benefit from the establishment of an anti-dumping committee which will protect our local producers against unfair price levels of imported goods dumped on the local market.

A range of regulations have now been finalised to deal with illegal imports. The principal feature is that only licensed customs brokers will be allowed to clear imported goods. This removes contact between individual importers and customs officials. At the same time it provides that illegal acts by brokers result in suspension or loss of licence to operate. This should greatly diminish both smuggling of goods and under-invoicing.

There will now be a single entrance and exit to the port.

Refrigerated cargo will be stripped at prescribed cold storages, and will require health certificates from the exporting countries. This will eliminate smuggling of meat products which is detrimental to our Jamaican farmers.

Finally, under new arrangements, clearance of personal baggage at the airports will be directed by a controlling officer who will assign the passenger to a particular customs trestle based on a number selected by the controller in a "blind-draw". This will eliminate any possibility of collusion between passengers and officials, since no passenger will be able to select the point of clearance.

We will continue the divestment programme. The National Commercial Bank share issue, by far the largest ever in our history, received such overwhelming support by the public that it was over-subscribed by nearly three times. Already, these shares have gained almost \$2.00 on an investment of \$2.95 for each share. The NCB issue has

broadened the ownership base in Jamaica from 3,000 persons holding shares in companies listed on the Stock Exchange to an impressive 32,500.

It is our intention to give more and more Jamaicans the opportunity to own a piece of the productive and profitable enterprises of our country.

We have now completed the overall structural adjustment of the economy, and the financial accounts are one year away from reducing deficits to manageable levels.

As I have said before, Mr. Speaker, it is my intention to seek the approval of Parliament to enact appropriate measures to prevent any government from ever again wrecking the finances of the country as occurred in the 1970s when, despite an abundant yield of revenue from the bauxite levy, more than enough to compensate for the increase in oil prices which took place at that time, the overall deficit in our budget and domestic accounts jumped from less than 4% of GDP to some 20%. This year, Mr. Speaker, that deficit will be reduced to 6.4% of GDP and next year to 3.3%. Then Jamaica will be back to the safe levels which existed before the demolition of our financial stability in the 1970's. It must be noted that we have done this despite a loss of more than half of our bauxite revenues.

Mr. Speaker, this year the balance of payments will show a US\$90 million surplus, and is targeted to achieve a surplus level of US\$130 million next year.

Over the past five years the Jamaican economy has gone through a range of structural adjustments and stabilisation measures. The overall structural adjustment of the economy having been completed, we are now pursuing adjustments in specific sectors.

Both the tourism and agricultural sectors have benefited greatly from these programmes, with the exception of small hotels which will shortly receive special attention. It is the manufacturing sector which remains to be structurally adjusted to enable it to develop an export base in terms of improved productivity and more cost competitiveness. It is, therefore, this sector that is now to be the focus of attention, and resources are being made available to modernise plant, reduce du-

ties, and improve its capability to earn foreign exchange.

In addition, adjustment programmes are taking place in finance and public enterprises, with trade and investment reforms now commencing.

We have now left behind us the bitter part of these programmes, and are entering a stage where the concentration of effort is to be on economic growth.

### **Sacrifices required**

Mr. Speaker, if we now successfully shift the course of our strategy from broad-based devaluation as a tool for a overall structural adjustment to the fine-tuning approach of export tax rebates to particular sectors in need, we will achieve the distinction of moving the economy smoothly through phase 1 of recovery into phase 2 — emphasising growth in the new phase as compared to austerity.

But, Mr. Speaker, this is not to say that sacrifices are no longer required. While there are many areas of relaxation as the improvements become reality, there are still adjustments to be made. The critical requirement is to hold wage and price increases in line so as to keep inflation as low as possible. A low level of inflation makes it possible to use the export tax rebate as a tool to maintain the competitiveness of our manufactured exports, instead of devaluation with its broader and more painful impact.

We are now on a path which offers us a far less painful course of adjustment for the future as we seek to complete the programme of recovery.

The support of specific interest groups will be essential to successfully carry out the programmes to be implemented in this IMF agreement and in associated agreements with the World Bank.

To this end, Mr. Speaker, it is

proposed, therefore, to set up immediately a range of meetings with trade unions, the private sector, farming interests, the media, church organisations, and so on, to fully explain these new initiatives and strategies. In addition, Ministry papers providing detailed explanations of the proposals on pay guidelines, tax reform, tariff reform, tax rebate and customs reforms will be tabled in Parliament next week.

I say with pride and satisfaction that this IMF agreement is the most favourable of all the agreements negotiated by Jamaica with the IMF in the ten years of our association.

The agreement now sets the stage for the release of funds by the World Bank and other institutions and makes it possible for us to complete the re-scheduling of our debt with the Paris Club Group which will be done in March to cover both this year and next, at one session.

### **Maintain stability**

Mr. Speaker, we have run the country for the past ten months without an IMF agreement and the benefit of the substantial flow of funds which it brings. We have been able to arrange the financial affairs of the country so that people have gone about their ordinary business without problems. The funds available to the auction were in fact increased. At the same time we were able to show growth, reduce inflation, reduce interest rates, reduce the unemployment rate and maintain targets.

Credit must be given to the people of Jamaica whose good sense has prevailed over this period. They have clearly demonstrated their desire to maintain stability so that they can now reap the fruit of the painful adjustments over the past few years. Special recognition should be given to the needy who

have found adjustments harder to accommodate.

We can now move on. Over the next 15 months it will be up to us to show that the path we have chosen, not the one the IMF would have chosen for us, can be made to continue to work satisfactorily. Indeed it has over the past 10 months — producing the best results in the economy since 1981 with the major indicators of economic health now pointed in the right direction.

It will be up to us to meet the challenge to maintain stability in public order and in the cost of living. We must restrain our appetites to priorities allowing for relaxation to provide a bit of the variety which makes life interesting and work worthwhile. We must build on existing services and utilities and improve the infrastructure which had to be trimmed.

We must invest, export and grow in order to increase jobs and build a better life on the stronger and sounder foundation which we have over the past five years built together.

1986 was without doubt better than 1985, and 1987 is poised to be better than 1986. The upward climb is in progress and can continue with growing strength.

It is a challenge, I know, but we did not fail to meet the tougher challenges of the past, and we won't fail to meet what the future demands of us for our country, our children and our own self-worth and self-respect. Together we can make it work and be proud to be Jamaicans.

As Bob Marley would say —  
"We Jah people can make it work  
Come together and make it work  
We can make it work  
We can make it work."

DISMISSED MINISTER VAZ VOICES CONCERNS OVER IMF DEAL

Kingston THE SUNDAY GLEANER in English 11 Jan 87 p 2A

[Letter to Prime Minister Seaga from Minister Without Portfolio Douglas Vaz, M.P.]

[Text]

January 2

Rt. Hon. Edward Seaga  
Prime Minister  
JAMAICA HOUSE  
Dear Prime Minister,

For sometime, I have been deeply concerned about the negative effects some of Government's economic policies are having on the manufacturing and commercial sectors. While I remain committed to the tenets of structural adjustment and deregulation of the economy — on a timely basis — for export orientation, for divestment of publicly owned entities, for increased competitiveness, and a better deal for consumers in choice, price and quality of merchandise, I am now convinced that a re-examination and adjustment of Government's policies, their formulation and implementation is necessary, and urgently so.

After carefully assessing the effects that the new IMF Agreement are likely to have on the manufacturing sector, I am convinced that these will be deleterious, also that export growth and increased foreign exchange earnings will not achieve desired levels, except in the 807 Apparel sub-sector in the short term by those producers operating under the Export Industry Encouragement Law, and in Free Zones — because these incentives will remain intact for the rest of their legal life.

(NOTE: Two paragraphs were omitted here by Mr. Vaz who said that for the time being they may breach the principle of Cabinet confidentiality, or touch upon policy not yet publicly announced by Government).

I have other concerns about manufacturing and exports, but looming as large in my concerns are developments in the commercial sector, whereby the patterns of importing and trading has changed dramatically deleteriously for bona fide traders and importers and unless this new trading pattern is resolutely dealt with, I fear that the unofficial economy may well surpass the official, to the detriment of the overwhelming majority, and the benefit of a very few through untaxed imports.

I have loyally and faithfully sought to communicate and implement Government's stated policies of deregulation and structural adjustment, even to my own personal detriment, as after lifelong commitment to the manufacturing sector, many who saw in me a potential benefactor at the time of my appointment, soon felt I was a traitor ruthlessly administering a policy designed for their destruction. I never flinched or faltered, but faithfully administered an unpopular policy, and even aspects which I was myself not fully committed, but accepted and supported as Government's stated policy.

Even after you saw fit to alter my Ministerial responsibility two months ago, despite feeling it to be unwarranted, I accepted it as your Prime Ministerial right, and have loyally and faithfully continued to work as before, for both Party and Government, and my relationship with the Deputy Prime Minister, both working and personal, continue to be excellent in both respects, as with all of my Cabinet and Party colleagues.

### Overdue

I indicated to you in 1976, when I accepted your invitation to join the Jamaica Labour Party, immediately after the declaration of the State of Emergency, that when I thought that there were fundamental issues of concern to me, I would communicate them to you in a very forthright manner.

Regrettably, I now feel strongly that adjustments to our economic policies, their formulation, implementation and communication, are necessary, and in fact are overdue, and in fairness to you and to myself, and my family who expect no less of me, I must formally so advise you, as well as of my wish to meet with you to discuss them more fully, to seek to ameliorate or remove those concerns.

Should this not be achievable, whereas I remain committed to working for my Party and its Government, I am considering whether I should step aside from the Ministry of Foreign Affairs, Trade and Industry, to allow you to appoint someone who is unhampered by doubts as to the correctness of Government's economic policies.

Should I step aside, I would be available to be assigned elsewhere in Government, in an area which would be acceptable by me, as my only reason for entering public life — politics — continues to be to give service to my country, which has afforded benefits to my family and myself, and I feel committed to the need to give back some of those benefits, as I have been doing in varying ways throughout my adult life, and in fact intend to do so for the remainder of my life.

I look forward to hearing from you at your earliest convenience, and my diary will be entirely at your convenience.

As we leave a trying 1986, and enter a crucial period in our Country's history, please accept my best wishes for a happy and successful 1987.

Yours sincerely,  
Douglas Vaz, M.P.

/9317  
CSO: 3298/112

## PNP PLANS FOR 'ELECTIONS DEMAND PROGRAM' REVIEWED

Kingston THE DAILY GLEANER in English 13 Jan 87 p 3

[Text]

THE PEOPLE'S National Party will embark on its final round of "moral suasion" before entering into the realm of "civil disobedience" with the launching this Sunday of an islandwide programme to pressure the Government into calling general elections.

This exercise was announced yesterday as the "General Elections Demand Programme" at a news conference called by the PNP at its headquarters in Kingston.

PNP General Secretary, Dr. Paul Robertson, who presided at the news conference, said however that "any strident" action that the Party might take would not come at this time in the height of what he called "a very delicate period for the tourist industry".

Dr. Robertson said that the Party did not believe that the Government should embark on a new "political year" beginning next April, adding that whatever statements the Government made on taxes would be carefully scrutinized.

A programme of meet-the-people engagements and public meetings have been planned in every parish capital featuring Party portfolio spokesmen and Party President, Mr. Michael Manley. The meetings will culminate in Kingston, after a start in Port Antonio this Sunday, climaxing in April in Half Way Tree Square. During the three-month period of the exercise, constituency representatives will be holding meetings in constituencies for the airing of problems while at the national and international level, while Mr. Manley and other officers will

be holding meetings with a number of national bodies and the diplomatic community.

Mr. Manley will be leaving for Washington shortly to speak to a number of United States Senators on the call for local elections.

"In regard to the question of early elections, we are pressing for them because we regard the present situation as one which makes a mockery of democracy. The longer makeshift arrangements are made to maintain a democratic facade, the greater the danger of indifference in the attitude of future generations towards democratic principles," Dr. Robertson said.

Dr. Robertson said that the call for elections programme was a logical extension of the PNP's election campaign.

Asked whether this signalled the Party's abandonment of its "moral suasion" crusade, he said that it was not fair to say that the Party had abandoned this but the exercise "gets us a bit more active on the subject".

PNP Deputy General Secretary, Mr. Donald Buchanan, in supporting Dr. Robertson, said that this was the "final round of moral suasion before you enter the realm of civil disobedience" for the calling of elections.

Touching on the the new enumeration exercise which was now in progress, Dr. Robertson said that the Voters List was now more up-to-date than was the case in 1983, so that this exercise could not be used as "an excuse not to hold General Elections at this time".

/9317

CSO: 3298/112

## PNP EX-MINISTER COORE DISCUSSES PARTY POSITIONS

Kingston THE SUNDAY GLEANER in English 11 Jan 87 p 8A

[Text]

**H** E CALLED IT a day in the height of negotiations between the Government of Jamaica and the International Monetary Fund near the end of 1977. There were widespread speculations as to why a man of his standing and experience in the People's National Party had to leave in such undue haste.

It was also a time when ideological positions were sharply drawn in the Party between moderates and the young left wing faction.

The Former Finance Minister, Mr. David Coore has now returned with the full approval of the President of the People's National Party, Mr. Michael Manley, his senior colleagues and others in the Party.

Mr. Coore who was appointed representative of the Inter-American Development Bank (IDB) in the Dominican Republic and Barbados between 1978 to 1983, was up to the end of November Senior Legal Advisor to the General Counsel of the Bank in Washington.

He has been appointed the PNP's Spokesman for Foreign Affairs effective January 1, but will officially take up the position January 15.

Mr. Coore in an interview with Staff Reporter **WINSTON WITTER** last week outlined to the **Gleaner** his reasons for departing the PNP in 1977. He has also given his views on a wide range of issues impinging on his portfolio.

### A judgement

**Question:** What was your reason for declining to accept an alternative position in the last PNP Government and deciding to depart?

**Answer:** As you will recall at that time the Government of the day was engaged in very intensive discussions with the IMF towards the end of 1977 and it was obvious that once those discussions had started, if we were to arrive at any agreement with them the whole trend of our economic policy was going to have to be fairly substantially altered. The Prime Minister and myself discussed the situation fully very frankly over a few months. And we both agreed when we did arrive at an agreement with the IMF, it was going to be a new situation, and it was desirable to have another Minister in charge of Finance.

I then had to consider what my own situation should be. And for a variety of reasons, some personal, some based upon the composition of the Cabinet and having regard for the people who were already there and the position to be occupied. I felt



that it would be in the best interest of all concerned if I did not remain in the Cabinet.

Let me make it clear, it wasn't a question of any ideological disagreement or any personal disagreement or anything of the kind. It was a judgement — it may have been right or wrong — that I made which was best for the Government the whole structure of Government and myself that the new Minister of Finance should have a clear run without someone who had been a previous Minister looking over his shoulder.

I hadn't at that stage decided that I would not stay in Parliament. But while I was in that situation, I received an offer from the Inter-American Development Bank to work with the Bank. I felt that it was something that would be interesting, a new challenge, that I would not only be able to make a contribution to the region as a whole in working with the Bank, but I would also broaden my horizons, my own experiences and so on. It was a very difficult decision; but ultimately I decided that that was what I was going to do.

Naturally, having decided that it would have been impossible to remain in Parliament. It was also one of the conditions of the Bank that you have to work in some country other than your own.

**Q:** Mr. Manley made it clear that he had offered you some alternative post. Did you not find that acceptable?

**A:** No. It wasn't that it was not acceptable. I felt within myself that I didn't think it would work. I thought it was going to be an awkward situation. I thought that the best thing under the circumstances was not to remain in the Cabinet at that time.

## No impairment

**Q:** Did this decision impair your relationship with the top brass and rank and file members of the Party?

**A:** As far as the Prime Minister and other members of the Cabinet were concerned, there was never any impairment of relationship. I kept in close touch with everybody. I came back to Jamaica very frequently... at

least twice a year in the last eight years. I have always had a very good personal relation with all my colleagues.

I am aware of the fact that there were people in the Party who didn't agree with the decision I took to accept this position. I understand why they felt that way. And some of them I think understood why I felt the way I did. But there has never been any rancour and animosity either from me or towards me.

**Q:** Why have you resolved not to go back to your constituency?

**A:** Under the Constitution you cannot run for a seat unless you have been resident in Jamaica for 12 months immediately prior to the elections. Nobody knows when the next election is going to be held. The fact is that at the moment I wouldn't be qualified to run for a seat, in addition to which the Party has selected all its candidates.

**Q:** It is being suggested that there was some hanky panky which characterised the closing days of your stewardship as Finance Minister. Would you care to comment?

**A:** I don't know what they mean by hanky panky.

**Q:** Well... irregular financial dealings.

**A:** The problems at the time were technical and economic problems, having to do with the state of our balance of payments ... the same problems that are existing today. There was no issue of any irregularities. I am sure that if there were any irregularities, the present Government would have exposed them long ago. It is of interest to note that when I left Jamaica in 1977, I left with \$11 in my pocket. I didn't even ask for the \$50 which you are allowed to take. I didn't need to take money because I was going straight for a job. Since that time I have never had occasion to take money out of Jamaica. In fact, I take money in.

## Experience

**Q:** What special experience do you have to offer the PNP at this time?

**A:** When I saw the Party leader about a year and a half ago in Washington I told him that I was

coming back to Jamaica because my time with the IDB was coming to an end and that I would be prepared to help in any way that he thought I would be of assistance. We had several discussions since that time as to what area I could help. He asked me to look particularly in the area of being spokesman for Foreign Affairs which covers a wide spectrum.

I have the experience of all my years of political life in Jamaica which goes back to 1952 when I came back here as a fledgling barrister and I have been involved in political activity until I left in 1978.

During the years I worked with the IDB living in the Dominican Republic and in Barbados and latterly Washington, I had the opportunity of travelling fairly widely. I had the opportunity to observe at first hand a major international organization which is involved in the development process.

I think I have gained a lot of knowledge and about the problems of developing countries that have very similar problems to Jamaica. And I have been able to see at first hand the work of not only the IDB itself but also the World Bank and to see how developing countries try to cope with their social and economic problems. This first hand experience has enabled me to see some of Jamaica's problems a little differently.

**Q:** Do you think that with your proven experience, a future PNP Government would be better able to deal with the IMF?

**A:** I don't anticipate that I would be directly involved in dealing with the IMF. But I have naturally been aware of the IMF in its dealings with countries of the region over the last few years.

It is quite evident that the IMF itself has undergone a number of changes in its approach to the problems of developing countries. They haven't changed their basic mandate which is obviously to help countries to solve their balance of payment difficulties. They have recognised that the problems are not purely financial and they are not purely problems of temporary adjustment.

The balance of payments problems of developing countries are rooted in structural maladjustments, and these can only be dealt with over a much longer time-frame than the IMF programme covers. As a result, they have begun to structure programmes for countries in conjunction with the World Bank, the IDB and other development agencies aimed not only at solving what might be a temporary liquidity crisis but trying to deal with these fundamental underlying and structural problems.

This has meant that the IMF programmes that are being put in place today have an additional dimension to the ones that were in vogue at the time that I had the responsibility for negotiating. This doesn't mean that the pill that you have to swallow is any more palatable in the short run but hopefully if the IMF continues to evolve along the lines that it has shown over the past few years, you would begin to get adjustment programmes from the IMF that do hold out the hope for long term solutions, not just to the financial but also to the basic economic problems. This has been the big change in the IMF.

In addition to that, under the urgency of the debt crisis, the IMF has had to devise techniques to deal with this tremendous problem of debt repayment. They have not by any means arrived at what could be regarded as a satisfactory long-term solution but they have been able to persuade official lenders such as other governments and the commercial banks to restructure payments, to stretch out amortisation and even in some cases to reduce interest rates to the bare minimum a commercial bank can be expected to sustain.

This activity by the IMF has also given their functionary a greater insight into the real problems that developing countries face. It is fair to say that over the last decade, the IMF has evolved considerably in its thinking and in its recommendations with which we are all familiar: devaluation, budget restrictions, positive interest rates, control of wage increases and so on.

It is up to the individual member countries, both rich and poor, to insist that the institution continue to pursue this course, ensuring prescriptions and programmes that are viable.

## Working with U.S.

**Q:** You had said in 1977 that you would like to see the United States adopt a more generally sympathetic understanding of Jamaica's problems. How do you see America dealing with a PNP Government?

**A:** All the indications are that the American Government recognises that in all probability the next Government in Jamaica will be a PNP Government. They are ready and willing to work with and co-operate with a PNP Government democratically chosen. The main preoccupation of the U.S. in the region is that those countries that have democratic systems should continue and those that do not should develop them.

They recognise that Jamaica is one of the countries with a stable democratic system, and I simply cannot imagine that a U.S. Government would seek to either deny or obstruct that process.

As long as the change of government in Jamaica takes place in a democratic way, I feel that this U.S. administration or any foreseeable U.S. administration will seek to work with and assist us in any way possible. Besides, the U.S. has its own problems. We can look to them for help, friendship and understanding. We can't look to the U.S. to solve our problems.

**Q:** Does it matter to the PNP whether the Republican or Democratic administration is in place?

**A:** I don't think we ought to concern ourselves with whether there is a Democratic or Republican administration. That's the business for the American people to decide. Our only concern is that whatever administration is there, we maintain friendly relations with them, and that we try to find ways in which we can work towards our economic advantage.

**Q:** How do you propose to strike the balance in foreign policy between

maintaining a healthy relation with Cuba as well as an equally healthy relation with the United States, having regard to reputed misconceptions and misunderstandings which took place in the '70s?

**A:** Cuba is a part of this hemisphere and successive Jamaican governments though the years have maintained friendly diplomatic relations with Cuba. We see no reason why there should be any difference. We recognise that there is a special sensitivity about Cuba as far as the U.S. is concerned. Looking back to the '70s, we did make errors of judgement in failing to appreciate that there is no need to be too strident about maintaining relations with Cuba... there is no need to be provocative about it. I am sure that some of the things we said at that time were unnecessarily strident, unnecessarily provocative and created wrong perceptions in the United States about the precise nature of our relations with Cuba.

There is no reason why we shouldn't have normal relations with Cuba just as we have with other Latin American countries. We believe that it is necessary from many points of view to maintain links with Cuba. Indeed, more and more countries are now beginning to see that it is bad for the region as a whole to isolate one country completely, even though you might not agree with their ideology and though you may have no intention of following them to influence your own internal policies, this does not mean that you cannot maintain dialogue with them, you can't have trade with them.

The task of maintaining the kind of proper relationship with Cuba will be much easier today than it was 10 years ago because so many other Latin American countries are now beginning to open dialogue with Cuba. It will no longer be a novelty as it was then, and hopefully, will not cause the same kind of misperceptions as it did at the time.

## Challenging?

**Q:** Would you consider this aspect of your assignment as the most challenging?



**A:** No. Not really. You see, for a small country like Jamaica, foreign relations has to be primarily rooted in economic considerations. The political dimensions of foreign relations, though important, are ancillary to the economic dimensions.

One of the most challenging aspects of foreign relations is not only to maintain good relations and trading links and so on but also to try and develop trade and other relationships with countries that are similarly circumstanced, particularly in Caricom, extending in the wider Latin American region and going further to other developing countries in the world.

I think that what has been called South-South relationships are really the most critical and challenging because they are something new that is being attempted. Maintaining relations with the metropolitan countries, very important and critical, but the paths are well trod. But trying to develop South-South economic trade ties that's critical, challenging and necessary.

**Q:** Is Europe a part of this whole new search for trade and economic ties?

**A:** Certainly we have to do as much as we can to develop our trade in Europe. They are a strong trading bloc.

**Q:** The Soviet Union?

**A:** It's rather interesting that the PNP Government was attacked for trying to develop trade with the

Soviet Union. But if those links hadn't been developed, our bauxite industry would be in far worse condition today than it is. It's one world. You trade wherever there is someone prepared to buy your goods. When the U.S. trades with the Soviet Union it carries no political overtones. They want our bauxite. We have it to sell, fine.

## Style

**Q:** What sort of style can we expect from you as spokesman for Foreign Affairs?

**A:** The job of a spokesman for any particular sector is to articulate as best you can what are the policies that your Party will pursue when in power and to criticise as effectively and constructively as you can anything done by the government of the day. It's not a matter of finding fault with everything or proposing that you're going to re-invent the wheel and do everything new. It's a matter of determining and articulating that your priorities are going to be.

**Q:** So we can look forward to the same level of moderation that has characterised the PNP's activities in the last few years?

**A:** Foreign Affairs has never been quite as controversial a subject as some other things. There is more common ground in foreign affairs between the two parties than there is in many other things.

This is good. In a democratic system, you can't just change everything when a new Government comes in.

SEAGA AIRING IMF, OTHER PROSPECTS WITH AGRICULTURAL SECTOR

Kingston THE DAILY GLEANER in English 13 Jan 87 p 3

[Article by Sylvia Lee]

[Text]

**PRIME MINISTER Edward Seaga** has summoned a meeting of representatives of the Agricultural Sector, at his Office tomorrow afternoon (Wednesday) to discuss what has been described by a close aide as "matters of great importance to the sector."

Investigation carried out in top government circles and among sources close to the Prime Minister failed to unearth details of the questions to be discussed, but reliable information states that recent developments in Jamaica's trade with the United States, particularly the cut in the U.S. sugar quota, and the negotiations with the International Monetary Fund and its likely effect on agricultural production, are high on the agenda.

It was also learnt that agriculture is set to play a major role in the renewed thrust to maximise production, and the Government is concerned to take the sector's leaders into its confidence in the implementation of the recently concluded agreement with the International Monetary Fund.

At the same time, a number of areas in this sector, notably the sugar industry, have been anxiously calling for steps, such as road repairs and water supply improvement, to be taken to foster their efforts in aiding production.

/9317

CSO: 3298/112

SUGAR EARNINGS, CULTIVATED AREA RISE; ROADS PRESENT PROBLEM

1985-86 Crop Results

Kingston THE DAILY GLEANER in English 10 Jan 87 pp 18, 21

[Article by Ivorall Davis]

[Text]

**JAMAICA EARNED \$74.3 million more on its 1985/86 exported sugar, although production fell 6,420 tons below the 1984/85 crop of 206,707 tons of 96° sugar. As a result of this increased earning — due to a weak Sterling against other European currencies — cane farmers and sugar manufacturers benefited as the declared 1984/85 price of \$1,530 per ton sugar moved up to \$1,830 per ton for the 1985/86 crop.**

Sugar production for the 1985/86 crop amounted to 200,287 long tons 96° sugar (196,614 tons commercial weight). Although this represented a fall of 3.1% below the output of 206,707 tons 96° sugar (203,225 tons commercial weight) achieved during 1984/85. The performance of the industry in a year marred by adverse weather conditions which affected the sucrose quality of the canes and brought a premature end to milling operations at certain factories must be regarded as satisfactory, states a release from the Sugar Industry Authority.

The total amount of sugar cane milled during 1985/86 was 2,185,257 tons, which gives a tons cane/ton (TC/TS) sugar ratio of 10.91. This compares with a TC/TS ratio of 10.81 achieved during the 1984/85 crop.

The SIA states that the performance during these two crop years provides satisfactory evidence that the new harvesting techniques being employed coupled with the modernization and upgrading programmes in the factories are having a positive effect on efficiency levels in the industry.

The total acreage in sugar cane cultivation now stands at 100,845 — approximately 5,325 acres less than in 1985. Of this total acreage reaped amounted to 90,149 or 4,039 acres less than in 1984/85 — the residual acreage of 10,700 representing stand-over cane and acreages at various stages of development.

The total cane reaped for the 1985/86 crop amounted to 2,207,740 tons. Of this total sugar estates produced 1,215,578 tons, at an average yield of 25.9 tons cane per acre while other cane growers produced a total of 992,162 tons at an average yield of 23.0 tons cane/acre, giving a national average yield of 24.5 tons cane per acre as against 24.9 tons per acre during 1984/85.

Although sugar cane yields per acre were approximately the same in both crop years, the average sugar yield per acre rose from 2.19 tonnes in 1984/85 to 2.24 tons per acre in 1985/86. This was due mainly to the fact that there was a general improvement in productivity as measured in tons cane reaped per acre per month.

### **Replanting programme**

The 1985/86 replanting programme witnessed the replanting of 13,730 acres of cane (98% of the target set for 1985/86). This acreage is shared between estates and farmers as follows: Estates, 8,138 acres, Farmers, 5,592 acres.

The acreage fertilized during the year totalled 82,162 shared between estates and farmers as follows: Estates, 43,862 acres, Farmers, 38,300 acres. The fertilized acreage represents 91% of the acreage reaped.

In general, production inputs for the industry were in good supply, but wide fluctuations in prices was an inhibiting factor to the use of adequate quantities of items such as fertilizers. If this trend continues this could have an adverse impact on

sugar cane production for the 1986/87 crop, the SIA observes.

● Difficulties were also encountered in obtaining farm credit on a timely basis and at interest rates which sugar cane farmers could absorb, and the SIA says urgent consideration is presently being given to the development of alternative sources of credit for the industry.

### **Trading figures**

Sugar exports during 1986 totalled 143,668 tonnes compared with 151,568 tonnes during 1985. The decline in the tonnage shipped was due to a reduction in the quota in the U.S. market from 25,351 tonnes to 17,451 tonnes.

Export earnings in 1986 increased however, to J\$347.5 million from \$273.2 million in 1985 — an increase of 27%. This significant increase in export earnings of some \$74.3 million was the direct result of a weak Sterling vis-a-vis other currencies in the European "basket."

As a consequence of this increased earnings it was possible to move the price to cane farmers and sugar manufacturers up from the declared \$1,530 per ton sugar during 1984/85 to \$1,830 per ton sugar during 1985/86. Sugar exports were to the two preferential markets now open to Jamaica, viz. the EEC (127,217 tonnes) and the USA (17,451 tonnes).

While the arrangements in the EEC market remain stable under the Lome Convention, the U.S. market continues to decline. Jamaica's quota in that market in fact declined from a figure of 74,383 tons in 1975 to the current figure of 10,010 short tons raw value approved for the 1987 fiscal year. Jamaica's quota amounts to 1.1% of the declared global market need in each year, the SIA states.

## Spring Plain Project

Kingston THE DAILY GLEANER in English 9 Jan 87 p 1

[Article by Margaret Morris]

[Excerpts] National Investment Bank of Jamaica plans to release some 3,000 acres of land at Spring Plain-St Jago, Parnassus, and Halse Hall to the sugar industry.

The land will be leased to cane farmers but the number and size of land parcels is still undecided.

Prior to the Winter Vegetable experiments the lands were all in cane and appropriate irrigation was in place. This system was dismantled to make way for the "hi tech" drip irrigation system installed by Jamaica Agro Products Ltd to grow winter vegetables. A cane irrigation system will now have to be re-introduced and the cost and logistics of this will determine whether the land goes to one or two large farmers or a number of small ones.

Contacted by the Gleaner, Chairman of the All Island Cane Growers Association Mr T.G. Mignott confirmed that discussions were well underway. He added, "If they have the water, the finances and the tillage equipment, it is still going to take about two years of hard work" to get the lands back into cane production.

Jamaica Agro Products Ltd (JAP), better known as "Spring Plain" was a joint venture between the NIBJ and Worldwide Promotions Ltd, a Miami-based firm owned by Israeli Mr Eli Tisona.

At the time of the closure the Chairman of NIBJ said that the soil at Spring Plain had proved to be "not ideal" for the cultivation of winter vegetables and that it had been decided to grow bananas there instead. However, the Gleaner has learned that NIBJ has now taken a decision against growing bananas on these lands.

The lands that the NIBJ is now planning to "divest" to the sugar industry comprise: 1,500 acres at Parnassus, 1760 acres at Spring Plain-St Jago and 160 at Halse Hall, a former winter vegetable farm initiated by Grace and taken over by JAP.

Kingston THE DAILY GLEANER in English 9 Jan 87 p 3

[Article by Sylvia Lee]

[Excerpt]

**P**OOOR CONDITION OF ROADS and in some instances no roads at all, in the main sugar-producing areas of the island, are main factors in a mounting crisis that threatens to leave farmers' canes unreaped this crop, while the estate canes are fully harvested.

Truckers and haulage contractors have refused to transport sugarcane over many of the roads. Already at Frome area in Westmoreland, 25 percent of the estate's canes have been taken off and only 18 percent of farmers' canes.

In a statement yesterday, the Chairman of the All-Island Jamaica Cane Farmers' Association, Mr. T. George Mignott said, "It was callousness to an alarming degree to expect farmers to pour their scarce resources and labour into the growing of a crop, then watch it rot or go unreaped because no truck could reach their fields.... No government which allows the present situation with cane roads to continue can be serious about a viable sugar industry."

He called on the government to "give immediate effect to its promises."

In the cane-farming community there is deep concern that if things continue at the present rate, when

grinding ends at the factory in April, much of the farmers' canes will be left unreaped.

In a telegram, the Westend Cane Farmers' Association appealed to the Chairman of the AIJCFA to make an urgent request to the Government to fix the roads immediately.

At Hampden in Trelawny, cane farmers reported that one of the People's Co-operative Banks in the area has ceased lending money to farmers to cultivate sugarcane. The reason given by the bank was that "there are no roads over which to take the canes to the factory." Reaping in that area is due to start next week.

Long Pond in the same parish is also plagued by bad roads. Although milling is due to start on Tuesday, January 13, nothing is being done about the roads.

[Editor's note: The article goes on to cite similar problems in areas of St Catherine, Clarendon and St Elizabeth]

/9317

CSO: 3298/112

HASENFUS PARDON CALLED 'POLITICAL ACTION'

PA210250 Managua BARRICADA in Spanish 19 Dec 86 p 3

[Statement by Commander Dora Tellez at the National Assembly session that approved Eugene Hasenfus' pardon]

[Text] Nicaragua is being attacked by the U.S. Government and by the Reagan administration. Nicaragua's present main problem is war; the Nicaraguan people's main problem is the war of aggression, and its main task is to defend itself from this war. Under these circumstances, what is the Nicaraguan people's main aspiration? Peace is its main aspiration. How can we seek peace?

In the first place, peace can be achieved through our capacity and capability to defend ourselves from the U.S. administration's aggression, through the Nicaraguan people's capacity to unite foreign public opinion against the U.S. intervention in Nicaragua. Peace will be attained by promoting and contributing to the unity of the Nicaraguan people, by forging this unity, and by isolating U.S. policy, inside the United States and abroad.

Why then did we grant Hasenfus a pardon? We are not merely talking about a pardon granted out of Christian generosity or humanitarianism. We are talking about a pardon that, besides being an act of humanitarian generosity, is a political act. Our government's main responsibility is to seek peace. We are implying that the pardon was granted because we are seeking peace and this is one way to promote peace.

Mothers Do Not Need Any More Deaths

Here, a representative asked the following question: What are we going to tell peasants, mothers, and combatants? Sometimes, it seems to us that the Nicaraguan people are underestimated, that its capacity to understand this type of action is underestimated. I wonder if by leaving Hasenfus in jail, we would have had the Reagan administration in jail. No, the Reagan administration continues implementing its policy. Do we put an end to the aggressive policy by keeping Hasenfus in jail? No. How can we teach a better lesson to that aggressive policy? What can we tell the mothers? Do mothers need deaths or prisoners to be quiet? This is not true either.

The mothers of heroes and martyrs do not need deaths or prisoners, because they cannot be quiet anyway, just as none of us can be quiet; because throughout this 5-year war, and during the struggle against the dictatorship, we have lost hundreds and thousands of companeros, brothers, friends, relatives, and Nicaraguan citizens in general. Therefore, we do not think that our mothers could be fully satisfied with Hasenfus' imprisonment. If that were the case, we would be acting according to the law that says: An eye for an eye, and a tooth for a tooth. We believe that the Nicaraguan mothers' main concern is not to have Hasenfus in jail or dead. Their main concern is to prevent other mothers from suffering the deaths of their children, who die in defense of the homeland, which is being attacked by the U.S. administration.

#### We All Want Peace

What is the main problem of those who have lost relatives throughout the war with the U.S. administration? Their most important wish is not to capture more prisoners, but to prevent thousands of companeros continuing to die defending this country. What can we tell peasants? Any Nicaraguan peasant understands our need for peace. Do we think that the peasants who are fighting against the mercenary forces want to die or want their children to die? They want peace because they want life, but to attain peace, we have to be sure that we will really achieve peace by holding a prisoner or denying a pardon. If we were asked whether we wanted to grant someone a pardon, probably some of us would say that we do not wish to grant anyone a pardon--especially when we remembered those who have died--because we can speak with the moral authority of those who have experienced bloodshed. However, this is not a matter of listening to our emotions, but of wanting to prevent certain situations.

Not a single mother, peasant, youth, or combatant want more deaths; they want peace. We are struggling to achieve peace, and we have to seek actions that contribute to the attainment of peace. This is the context in which we include Hasenfus' pardon. We cannot make our relatives come back to life by having Hasenfus in jail. We cannot revive our deads by having other Nicaraguans in jail either. We have granted over 1,000 pardons because we want to forge the unity of the Nicaraguan people, avoid more deaths, strengthen peace, and forge a friendship between the people of Nicaragua and the United States; and to avoid more deaths [as published].

Therefore, Hasenfus' pardon is no less than a meritorious political action that leads the defense of the Nicaraguan people toward the political and moral defense of the revolution, to this people's capacity to avoid more deaths, more problems for the country, more crises, and more pain.

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CSO: 3248/179



EPS SAID TO REORIENT TRAINING TOWARD INVASION

PA272100 Managua BARRICADA in Spanish 23 Jan 87 p 5

[Article by Susana Falcon: "Contras Hard Hit in 6th Region"]

[Text] Matagalpa--The recent, main military actions in this region were a part of the "Indestructible Unity" offensive which took place in March, and the border clashes that took place in October and December. In these actions, 80 percent of the region's military forces took part in violent clashes. Violent military clashes, which were caused by enemy infiltration in the most mountainous and rough regions, marked the start of 1987. "Some 1,500 counterrevolutionaries entered through the Bocay area, and tried to enter Jinotega and Central Zelaya," Commander Salvatierra explained. He added that the mercenary forces have been in intensive training recently as a result of the defeat they have suffered. He added that 76 high ranking personnel received specialized training in the United States.

The recently arrived so-called commandos had been trained in guerrilla warfare before entering Nicaragua. Salvatierra added that "neither their black commando uniforms, their supplies, nor their portable AK-A [as published] give them the moral character that only a just cause can give."

Salvatierra also said that the contras' inability to increase their numbers affects their military capacity. Back in 1985 they had 8,500 men, in 1986 5,700 and now, the numbers have ostensibly diminished. Over the course of 7 days of systematic, day-by-day fighting, they suffered 198 casualties. This proves "that guerrilla warfare tactics and the special training of their leaders does not prevent the counterrevolution's strategic defeat."

Great amounts of military supplies have been recovered, and the contras' intentions of sabotaging economic targets, such as the Central America factory, where the EPS killed 11 contras in an ambush, have been set back. A great variety of mines have been deactivated these last few days as well.

Salvatierra stressed: "We are optimistic. This year the contras' defeat will grow." He said that further important military actions are expected from enemy lines that will allow them "to show their masters that this alternative is a viable one." He also noted that "in a short period they will be so worn down that they will have to retreat to their Honduran hideouts."

The lieutenant colonel commented that in the event of a direct U.S. intervention, which is predictable when the imperialists decide that the possibility of a counterrevolutionary triumph has been defeated, the 6th region will be one of the main stages. That is why one of the priority tasks for this year is military training, education in a mountainous operations theater, plus the full integration and training of the people for their defense.

"The U.S. desire to destroy us will not end, and we are preparing ourselves for this other type of warfare that we will probably have to face."

Salvatierra asked EPS officers to take maximum advantage of the economic resources that the army has, which are the result of the entire population's efforts.

The military leader said that no one surrenders here as a result of "the people's decision to rise against the gringos if they invade us, the same way we have fought against the mercenary forces."

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CSO: 3248/176

'LATIN AMERICANIZATION' OF CENTRAL AMERICAN CONFLICT PRAISED

Managua BARRICADA in Spanish 23 Jan 87 p 3

[Article by Arqueles Morales: "Latin Americanization Versus Meddling"]

[Text] The struggle between those who advocate peace and those who advocate war as a means to solve conflicts was the focus of attention in the Central American region this week when the UN and OAS secretaries general and the foreign ministers of the Contadora and Support Groups made a brief but momentous visit to the region.

Even though it is too early to reflect on the short- and medium-term effects the initiative may have on the fate of Central America, some things can be discussed:

1. The presence of the secretaries general of the United Nations and the OAS--top world and regional bodies, respectively--symbolizes the seriousness of the situation in Central America and the concern in international circles about its possible consequences. It should not be difficult to remember that the UN secretary general only travels to trouble spots where international peace is in danger. Therefore, his participation in this effort demonstrates that the explosive situation created by U.S. meddling in our region is on the agenda of all international forums.
2. The decision of the OAS secretary general to participate in the peace-keeping effort faithfully reflects the feeling of the Latin American peoples and governments (except for the dishonorable exceptions known to all of us), which view U.S. policy as a serious danger to the existence of nations as such and a threat that looms over their right to self-determination and independence. It must be remembered that when the tour was announced, Washington exerted strong pressures on the OAS to try to keep its secretary general from participating, and thus detract from the Latin Americanist character of the peace effort.
3. The participation and the statements of the Latin American representatives who took part in the efforts, as well as statements gathered in various capitals on the subcontinent, clearly demonstrate that the Reagan administration wants either to quarantine the regional conflict or to insert

it in the framework of the so-called East-West confrontation. Nevertheless, Latin America has realized perfectly that what is at play in Central America is not a regional problem or a problem among bordering or neighboring countries but a clash between two concepts: that of independence and self-determination, and that of U.S. hegemonism, which looms as a danger to everyone. In this regard, these developments have served to emphasize the Latin Americanization of the conflict that is pitting Reagan not against a small but proud Nicaragua, but against a growing Latin American consciousness.

4. Aside from the final results, it can now be seen that the tour served to renew the Contadora effort, which had come under sniper fire from the United States and its regional allies. This was a bid to disavow an initiative that has retained its effectiveness, recognized by Nicaragua as an extremely important means to seek dialogue and to stop Reagan's war drums. Latin American and world pressure, represented by the participants in the tour, forced U.S. allies in the region grudgingly to agree to return to the Contadora table, which they abandoned when Reagan vainly thought that the time had come to bury the peacekeeping effort. This means that independent of the bilateral contacts and talks with our neighbors, we will have, within the Contadora framework, the possibility of reiterating to our neighbors our unequivocal desire for peace. We have expressed this desire during all these years through the positions assumed by Nicaragua in international forums and in official contacts with Honduras, El Salvador, and Costa Rica.

5. The peace effort underlines once more that the only way out of the conflict is through negotiations. The military solution--either by direct U.S. intervention or a generalized Central American war--would not simply unbalance the Central American countries, but the entire continent, endangering the general regional balance. This isolates Reagan's idea of a solution achieved through intervention, and the real and effective possibility comes to light of a peaceful solution, so long as the U.S. leaders have the political will to accept this route.

6. Following these same lines, it is clearer than ever that the real stumbling block for a peaceful solution is the U.S. hegemonist policy, the main impediment to a diplomatic way out of the regional crisis. Without U.S. interference, with its military occupation of part of Honduras; without the indiscriminate support to the Salvadoran Government, which is fighting a war of extermination against the people; without interference in Costa Rica so that country, which traditionally respects international law, lends its territory as a base of attack against Nicaragua; without the steady influx of dollars and arms for the CIA mercenary army, the existing problems that are actually illusory could be solved in a matter of weeks, and Central Americans could resolve as brothers our own contradictions.

7. The Latin Americanization and the universalization of the conflict speaks clearly of the rejection of Reagan's attempts to ideologize the facts by blaming the origin of the conflict on the mere existence of the

Sandinist people's revolution. The revolution is an irreversible factor that corresponds solely to the inalienable right each people have to choose the political, economic, and social regime they consider best for their progress. It is unthinkable that serious politicians listen to two lawyers who demand "free elections" in Nicaragua--which we had in the presence of nearly 1,000 observers from all over the world--as a precondition for the solution of the region's conflict. Quite the contrary, we do not question our neighbors' political regimes--something which is the right and concern of their own citizens--but instead we claim our right to be ourselves, a product of our own long and bitter experience, with no one telling us from the outside how we should be or think.

8. The recently concluded tour demonstrates the change in Latin American thinking, most of all within the OAS, which was created by the United States itself--wrongly invoking Pan-Americanism--and under whose blessing political crimes were committed such as the 1954 Guatemalan invasion or the Cuban blockade, actions finally defeated by the course of history. In other words, Latin America is telling Washington that the time is over when the OAS flag is used to intervene in countries like the Dominican Republic (1965). As Latin Americans linked by the same roots and hopes, we recognize each other.

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CSO: 3248/176

NICARAGUA

PSC LEADER ADDRESSES ARCE ON SUSPENDED OFFICIALS

PA182140 Managua EL NUEVO DIARIO in Spanish 15 Jan 87 p 12

[Text] Dr Julio Ramon Garcia Vichez, acting president of the Social Christian Party [PSC], said in a letter addressed to Commander Bayardo Arce Castano that Erick Ramirez Benavente, Francisco Taboada Leon, and Filiberto Sarria Padilla do not hold any leadership positions in the PSC because they have been suspended. This is the text of the letter:

Commander Bayardo Arce Castano, deputy coordinator of the FSLN.

Dear sir:

We hereby officially report to you that on 17 October, the PSC's national disciplinarian tribunal--which, according to our regulations, is the first and final court in proceedings against members of our national directorate--has unanimously suspended Erick Ramirez Benavente, Francisco Taboada Leon, and Filiberto Sarria Padilla in their positions for 1 year for their violation of party regulations. They held the positions of president, second vice president, and secretary general, respectively.

The sentence that has been passed is firm, and the case is closed. Since 31 October 1986, when the latest notification was made, the suspended officials have been acting illegally. Their acts are null and void and do not bind the party whatsoever, regardless of the nature of those acts and the agencies, persons, or organizations involved.

In addition, we also report that the persons suspended do not officially represent the PSC. According to our regulations, the undersigned has fully assumed the party's presidency.

[Signed] Dr Julio Ramon Garcia Vichez, acting PSC president

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## CHURCH-STATE RELATIONS DESCRIBED

### Tensions 'Diminished'

Managua BARRICADA in Spanish 18 Nov 86 p 2

[Text] Tensions in church-state relations have diminished in recent months, which does not mean problems do not exist, according to comments made yesterday by Msgr Bosco Vivas, auxiliary bishop of Managua.

The clergyman responded in this manner to questions from national and foreign journalists, whom he had convened with to explain the reason for the current Eucharistic Congress. When asked about recent meetings held by the Bishops Conference with government representatives, he quoted St Augustine, saying, "We must do everything with the conviction that all depends upon God."

"For us, there are no enemies," he added, "and we are prepared to hold talks with all who express the desire to have talks to achieve the common good."

He said that the Nicaraguan people have deeply rooted Christian traditions and desire to live in peace and that there is merit in everyone's doing all that he can to attain this objective.

### Explanation of Government Offers

He reported that the Church verbally and in writing has expressed its gratitude for the series of offers made by the government to support the Congress, which were not accepted. He explained that they themselves had assumed responsibility for receiving foreign clergymen, their housing, and transportation and that these arrangements had already been made a month ago.

He said that the revolutionary authorities had also offered them space and broadcast time in the government media to promote the religious event but that this proposal was also rejected because the Church desires the reopening of Radio Catolica and not "only the use of some of the communications media."

Accompanied to the press conference by private businessmen Carlos Mantica and Gilberto Cuadra--both members of the Congress secretariat--Monsignor Vivas emphasized the spirit of this celebration, held now "so that we bishops and our faithful people can come to grips with the difficult situation Nicaragua is living through."



He expressed his support for "unity and reconciliation with the resource of divine power." This is the central slogan of the Congress, an activity based on a series of masses and religious meetings in parishes in different parts of the country, where local and foreign priests will hold conferences on Communion.

#### Liturgical Days, Masses, and Processions Will Be Held

The program of the Congress also includes days of adoration in the parishes of Managua, prayer, fasting, and penance, processions of the Holy Sacrament and liturgical celebrations in honor of the Virgin Mary.

Monsignor Vivas said there is need for strengthening faith in Jesus Christ and asserted he is "convinced that without Jesus Christ any solution to a problem or any good would be fragile and fleeting."

The journalists asked him whether those "paths of solution via talks" mean negotiations with the counterrevolution, and the clergyman replied that this is a matter of "setting aside attitudes of hatred and violence as a solution."

He said that the Church is totally ready to "mediate" current problems and that what was proposed in this regard by the [Church] hierarchy months ago is still viable but that its reference to pastors "is not based on ideologies but upon the principle that we are all children of God." He then added, "We are not responsible for what the contras are saying."

#### More Clergymen Will Arrive

Questioned about the absence from the Congress of distinguished international bishops, particularly from Latin America, Monsignor Vivas admitted having made "a mistake" in the organization of the event by sending out general invitations to bishops organizations and conferences, rather than to specific personalities. "For that reason," he said, "these organizations sent delegates or members."

However, he said that the following persons would be present in Nicaragua: the president and secretary of the Latin American Bishops Conference (CELAM), religious delegates from Mexico, Central America, Venezuela, and Colombia, as well as Mother Teresa from Calcutta, the Nobel Peace laureate who recently visited Cuba.

Monsignor Vivas' press conference was attended by foreign correspondents and journalists from all the national media, in addition to Orlando Godoy, radio official from the U.S. embassy in Managua; a reporter from the U.S. Voice of America (VOA), Violeta Chamorro, who identified herself as a "journalist" from LA PRENSA.



## 'Christian Content' of Revolution

Managua EL NUEVO DIARIO in Spanish 20 Nov 86 p 2

[Article by Adolfo Miranda Saenz]

[Text] According to the doctrine of the Catholic Church, Communion is an eminently communal celebration. For Catholics, communion is the common-union of all the faithful and Jesus Christ. According to Catholic theology, Communion has no meaning if it is not experienced and celebrated in common. It is a sacrament of love, not only of love in the man-God relationship but also in the man-man relationship, in the human dimension: "God, whom we cannot see, cannot be loved if we do not love our fellowman whom we can see," the Gospel says.

The Catholic Church is now holding a Eucharistic Conference in Nicaragua. There can be no better setting for a Eucharistic Congress than a country in revolution, where egoistic, aberrant, egocentric values have been replaced by social values of love for one's fellowman.

The second Commandment is made manifest in real and palpable events such as the sacrifice of our young people who have left the communities of the city to go into the countryside to teach their brother peasants, or the sacrifice of the volunteer pickers of coffee and cotton, and the more so the sacrifice of those who risk their lives, or give up their lives, or part of their very body, mutilated in defense of the lives of their people. We cannot forget those clear and forceful words of the Holy Bible when Jesus Christ said, "There is no greater love than the love of him who gives up his life for his friends."

But this setting of the Nicaraguan revolution for the celebration of this Eucharistic Congress is even more appropriate because it is a revolution of great Christian meaning and content. This is a revolution made by a Christian people who found in their faith a font of libertarian cravings for a people oppressed by a militaristic and capitalistic dictatorship.

The Sandinist Popular Revolution is the revolution with the most Christian meaning and content that has ever existed in the history of mankind. Not only because of its ideological content and its principles but also because of Christian participation in it. Christian participation which derives its meaning principally from the massive incorporation of Christians, Catholics, and Evangelicals in the tasks and organizations of the new society and their total identification with it. But also from the participation of priests who gave their life for it, such as Gaspar Garcia Laviana and Protestant ministers who even recently have been the victims of terrorism of the contras.

The Eucharistic Congress is being held in a country in which the Catholic Church has significantly increased the number of its parishes, seminaries, priests, and clerics, and the different evangelical denominations have also flourished. That is to say, this is a country where, in a setting of respect for faith and freedom of religion, Christians have sufficient and effective room for real growth.

Processions through the streets of many parishes are now taking place; these are massive religious gatherings.

Important Catholic personalities have come to our country: one cardinal and several bishops from different countries. They will bear witness, as have thousands of Christians who have visited our country from the five continents, to the respect and freedom accorded to religion in our revolutionary process, and in particular to the Christian influence within that selfsame process.

#### Protestants Question Ortega

Managua BARRICADA in Spanish 16 Nov 86 p 5

[Text] Representatives of the Presbyterian, Anglican, and United Churches of Canada; World Service of Churches, Evangelical Development Central of the FRG; World Council of Churches of The Netherlands; Project Aid for Evangelical Churches of Switzerland; among others participated in the annual meeting coordinated by the CEPAD [Evangelical Committee for Development Aid].

These cooperating organizations have maintained relations with CEPAD for over 13 years, and some of them began working in Nicaragua after the victory of the revolution. The president of the republic told them that he had not come to the meeting to make a long speech but rather to talk with them, an invitation which resulted in the participation of several representatives, some of whom asked him as many as six questions.

The speech by Tomas Kuoler, a Swiss, summed up the feelings of solidarity of all the organizations and their desire to provide aid to a people suffering from a war imposed upon them and to have better coordination to channel the aid to the neediest sectors or communities.

He also expressed his concern over whether the aid supplied by his organization is going to the state or to private organizations and whether there is a difference between the two sectors. He called upon the president for an answer and added, "In Switzerland we have a very active U.S. ambassadress who is a very good friend of Reagan." He said this in very poor Spanish and then expressed his great concern over the campaigns being conducted against Nicaragua by persons such as the Yankee ambassadress in his country.

The president of the republic thanked him for the expressed solidarity and said that what was most important was the social impact of the aid upon the people of Nicaragua. He emphasized the coordination between the state the the cooperating organizations to invest the funds well.

Wolfgan [as published], from the FRG, said that since 1979 he has observed the participation of popular sectors in making decisions on projects and asked whether aid in the future would be channeled through the political parties. The president offered the clarification that the political parties have no reason to take over the work of the religious or popular organizations.

In reply to the expressed concerns of a delegate from a U.S. church, Ortega said that it is difficult in states in the midst of a major ideological campaign against Nicaragua to make the people understand the Nicaraguan reality but that it is necessary to make known that the Nicaraguan problem should be resolved through dialogue.

He recalled that U.S. policy is causing the death of innocent victims which is an anti-Christian attitude and which even leads those selfsame Americans to wind up in prison or even be killed outside their country.

He said, "The rifle of the bishops is to call for an end to the war against the people, and they can use that rifle on behalf of or against the people."

The participants learned about the current situation of the Catholic Church in Nicaragua. Daniel explained the incorporation of priests into the revolution which took place in a natural way because there was already the basis of social changes brought about by the Christians, changes which also gave impetus to the revolution.

"Here in Nicaragua in the 1960s, religion was the opiate of the people because the priests were openly and shamelessly Somozists." The Catholic Church never protested against the teaching of values opposed to religious principles. With the approval of the Church, the schools taught that dictators Batista, Somoza, and Duvalier were great statesmen.

After the victory of the revolution, religion became a great liberating factor. Even before that, the people's church had been fighting at their side. Many ministers of the church and the people continued with this liberating factor, including Fathers Ernesto Cardenal, Miguel D'Escoto, and Fernando Cardenal. Why are priests working in the government? one of the Americans asked.

For his part, Father Fernando entered the revolution "motivated by my Christian faith because the values of the leaders are inclined in the direction of the poor" and to form young people through education "through love, values to be found in the Gospel and to eradicate egoistic and consumer values."

Father Ernesto Cardenal, to dissipate the doubts of those in attendance, said, "Service to the people is a priestly task." Father Ernesto set aside his own creative endeavors to take charge of people's cultural manifestations in the theater, dance, music, crafts, movie production "because in the past the people did not even know the meaning of the word culture."

The participants asked several questions about the Autonomy process on the Atlantic Coast and the treatment of the evangelical groups in the region. In this regard, the president explained extensively, giving an account of the culture of the ethnic groups and the complex situation that arose following the victory of the revolution which is being overcome as the revolution advances on the Atlantic Coast.

The representative of the Anglican Church of Canada expressed support for the Nicaraguan cause and said that in her country there is "a rather large movement" and that the people do not support the Reagan policy. Other religious delegates also expressed themselves.

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#### DROP IN EXPORTS DETAILED

Managua EL NUEVO DIARIO in Spanish 7 Nov 86 p 11

[Text] There was a 15-percent drop in trade between Nicaragua and various other countries during the first part of the year, according to Dr Alejandro Martinez Cuenca, minister of foreign trade.

Dr Martinez Cuenca compared the period January to September 1986 to the same period in 1985. Both exports and imports dropped considerably, given the shortage of foreign currency in the country.

Exports basically decreased because sales of coffee, cotton, and meat went down. Some coffee producers withheld their crops, trying to speculate with prices.

#### Prices Fall

Cotton was affected by a plague at the same time that the price on the world market dropped 38.5 percent. Meat exports decreased because the producers allocated a larger percentage to the domestic market which had higher prices than the world market.

The drop in the price of oil and its derivatives caused the total for imports of those products to drop.

The minister of foreign trade explained that Nicaragua has managed to diversify the market for its products. Marketing possibilities depend on the production volumes that the country can generate. The more that is produced, the higher exports can be.

He also announced that a fund to promote exports of nontraditional products will go into operation in December.

#### Promotion of Exports

According to the minister, the fund of about \$10 million will be used to facilitate imports of machinery parts and other supplies to increase the exportable production of nontraditional products.

Although Central Bank will be responsible for the financial transaction, the commercial arrangements can be made directly by the producer. A special commission will study who can use the fund.

He also reported that the 1986-87 harvest should yield exports of approximately 850,000 quintals of gold coffee. This will produce more than \$170 million.

The harvest could reach 960,000 quintals of gold coffee of which 110,000 quintals will remain for domestic consumption, maintaining the traditional consumption levels in the country. The objective is to increase exports as much as possible.

Now ENCAFE [Nicaraguan Coffee Enterprise] is applying a series of measures to stimulate the producers, granting them incentives based on the quality and quantity of coffee delivered, and to centralize the collection of coffee and keep it from reaching the black market.

He added: "The Nicaraguan marketing policy has been more beneficial than other countries' policies have been. Our country has been able to sell a quintal at \$190 to \$200 on the international market. This is more than the current price of \$180 per quintal."

Nicaraguan Trade  
(January to September)  
Millions of Dollars

<u>Category</u>	<u>1985</u>	<u>1986</u>	<u>Percentage Change</u>
Developing Countries	202.0	137.9	-31.73
Exports	39.7	14.2	-64.23
Imports	162.3	123.7	-23.78
Western European Countries, United States	437.6	326.0	-25.50
Exports	215.3	152.1	-29.35
Imports	222.3	173.9	-21.77
Socialist Countries	287.2	322.5	12.06
Exports	7.2	12.2	69.44
Imports	280.6	310.3	10.58
World Total	927.4	786.4	-15.20
Exports	262.2	178.5	-31.92
Imports	665.2	607.9	-08.01

Drawn up by BNL [National Development Bank], base year 1985

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CSO: 3248/106

EL DORADO-ASTURIAS HYDROELECTRIC PROJECT DESCRIBED

Managua EL NUEVO DIARIO in Spanish 13 Nov 86 p 4

[Article by Felix Rivera]

[Text] Asturias, Jinotega--The El Dorado-Asturias hydroelectric project that is being constructed 42 kilometers northeast of Jinotega is progressing. It is 62 percent completed. It will begin to operate at half capacity in August 1987.

The project includes the creation of an artificial lake--Asturias--a dam, a spillway, two tunnels, two canal bridges, and two canals. It will save the country \$6 million a year through the increase of up to 84 megawatts per hour for the Centroamerica de Jinotega and Carlos Fonseca de Matagalpa plants.

The initial cost of this project was \$34.4 million loaned by the IDB. Now it will cost \$39 million, some 5.7 billion cordobas.

The military vigilance of the BLI of the SMP [Patriotic Military Service] and other military units of the EPS and MINT has permitted the project to progress normally in this area besieged by counterrevolutionaries. They have tried to destroy it several times but they have been kept at bay by Sandino's Cachorros.

Eng Alejandro Morales, INE [Nicaraguan Institute of Energy] delegate for the project, stated that if everything continues as it has, the project will be completed in August 1987. It must be remembered that, from one moment to the next, "military activity by the enemy can delay the project for us."

The project, one of the most complex that the Revolution has constructed, now employs 1,000 workers. It pays them 62 million cordobas per month plus \$15,000 a day to foreign contractors.

Projects Completed, To Be Completed

The 22 kilometers of roads, personnel camps, distribution lines, and Canal Bridge No. 1 have been completed. The dam is 67 percent finished. The spillway which will have a capacity of 1,070 cubic meters of water per second in case of flooding in Apanas and Asturias is 98 percent completed.



According to Eng Morales, 87 percent of Tunnel No. 1 is done, 30 percent of Canal No. 1, 85 percent of Tunnel No. 2, 60 percent of Canal Bridge No. 2, and 22 percent of the machine house and pumping station located in Mancotal.

Three work fronts with 150 workers work 24 hours a day in the tunnels, the dam, and the machine shop. There are two shifts of laborers, professionals, technicians, and skilled laborers.

This hydroelectric project began in August 1984. It is being carried out by ICA-LLAMAS, the National Building Enterprise, MICONS [Ministry of Construction], Sixth Region, PROINCO, IAMSA, 25 Mexicans from the Associated Civil Engineers, and the INE which owns the project.

#### Other Benefits

In addition to the energy benefits already described, the artificial lake will be used for tourism, water recreational transportation--in peacetime, of course--and fish stocking. The circulating capital in Jinotega has also increased, creating socioeconomic benefits.

Eng Alejandro Morales pointed out that if it were not for "the troops of the EPS and MINT, we would not be working on this project or it would already have been destroyed." He stated: "Sabotage is very difficult since there is strict military vigilance on the highways, work fronts, offices, camps, and, of course, in the mountains. This allows the Revolution to carry out the project."

Alejandro accompanied this EL NUEVO DIARIO reporter on a complete tour of the project. We could verify the progress of the project and the vigilance of the Cachorros.

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CSO: 3248/106

## BRIEFS

CATHOLIC PRIEST EXPELLED--Tegucigalpa, 17 January (ACAN-EFE)--San Salvador Archbishop Arturo Rivera y Damas today stated in this capital that Nicaragua has expelled another Catholic priest. Now 18 churchmen have been thrown out of Nicaragua. The deported priest is Gregorio Landaverde, a Salvadoran. This priest was acting as vicar at the Juigalpa Diocese of Bishop Msgr Pablo Antonio Vega, who has also been expelled. Rosa Chavez [as received] said that the expulsion of his fellow countryman from Nicaragua took place 1 month ago but was not made public until today because there were negotiations in El Salvador and Managua to reach an agreement with the Sandinist regime, but this proved impossible. The prelate said that Landaverde was studying theology in Colombia when Pablo Antonio Vega was expelled and that when Landaverde returned to Managua last month, he was not allowed to enter the country. The prelate said that the Managua immigration authorities alleged that Landaverde's documents were not in order, but he had been living in Nicaragua for 7 years and had traveled abroad before as vicar. [Text] [Panama City ACAN in Spanish 1735 GMT 17 Jan 87 PA] /12858

PSC FORMS POLITICAL PRISONERS COMMITTEE--Managua, 21 January (ACAN-EFE)--It was learned today that the opposition Social Christian Party [PSC] has formed a political prisoners committee to negotiate with the government the release of more than 200 political prisoners. PSC Vice President Francisco Taboada told ACAN-EFE today that the political prisoners committee was formed yesterday at the headquarters of this opposition party. The PSC has no representation at the National Assembly because it did not participate in the 1984 elections. According to charges presented by leaders of the PSC, the 1984 elections were not honest. The PSC political prisoners committee will ask the Sandinist government for the release of 13 political prisoners who are members of the party and of approximately 200 relatives of the leaders of this political party. Many of the prisoners are serving minor sentences and, according to the PSC leaders, many of them have displayed good conduct. The government has already granted amnesty to approximately 3,000 people, among them 11 foreigners, including the North American Eugene Hasenfus, who was sentenced to 30 years in prison for supplying weapons to the rebels. [Text] [Panama City ACAN in Spanish 1944 GMT 21 Jan 87 PA] /12858

BLOC COUNTRIES TO PAY HIGHER SUGAR PRICES--Edgar Vargas, sugar office director of the Ministry of Agriculture-Livestock Development and Agrarian Reform, MIDINRA, has said that Nicaragua will sell sugar to Cuba and the European socialist countries at prices higher than those set on the international market. Vargas noted that other countries have requested Nicaraguan sugar. However, he says that this year, only 40 percent of the sugar production will be sold because domestic consumption of this product has increased. Sugar production for the 1986-1987 season rose to 5.4 million quintals. This figure is approximately 1 million quintals above last year's Vargas said. [Text] [Managua Radio Sandino in Spanish 1200 GMT 28 Jan 87 PA] /12858

CSO: 3248/179

INTERNATIONAL RESERVES DROP IN FIRST 8 MONTHS OF 1986

Asuncion ULTIMA HORA in Spanish 1 Dec 86 p 8

[Text] During 1986 Paraguayan international reserves fell from \$445 million in January to \$341 million in August, when the net foreign exchange reserve position declined to only \$260 million. One of the principal causes of the decline was the smaller receipts of foreign exchange from exports.

The Banco Central has already lost more than \$100 million in its international reserves during 1986, and the net foreign exchange position was only about \$260 million in August.

The pronounced decline in international reserves, which was greater than in previous years, reflects poor management of the balance of payments and was principally caused by smaller receipts of foreign exchange from exports on the official market. In turn, these smaller receipts can be attributed to a decline in the harvests of cotton and soy beans during the past growing season, to low international prices for these products during the export season, and to the "policy of privileges," which brought in a substantial proportion of the foreign exchange from the free foreign exchange market.

Other factors behind the greater deterioration in the balance of payments are reportedly the decline in the extension of external loans and current transfers from Itaipu and Yacyreta, as well as an increase in payments (interest and amortization) on the external public debt.

Substantial Decline

Official statistics indicate that between January and August 1986 total net reserves of the Banco Central declined from \$445.3 million to \$341.6 million, for a total decline of \$103.7 million, or a decline of 23.3 percent.

In contrast to these figures, it is noted that during the same period of 1985 (January-August) the decline in reserves was from \$519.1 million to \$476.5 million, involving a loss of only \$42.6 million, or 8.2 percent.

Now, net reserves in foreign exchange, which can be considered effectively transferable holdings, declined over the period from January to August 1986

from \$370.9 million to \$260.3 million. Thus, there was a decline of \$110.6 million in absolute terms or 29.8 percent.

Nevertheless, during the same period of 1985 the net foreign exchange position declined from \$444.4 million to \$400.9 million, amounting to a loss of \$43.5 million or 9.8 percent.

The reserves of only \$260.3 million in net foreign exchange in August 1986 were low, and to a worrisome extent, considering that the real availability of foreign exchange must be even less, if delays in completing foreign payments and the short term debt are taken into account. The complete exhaustion of international reserves now appears as a real and imminent threat.

#### Historic Behavior

The international reserves held by the Banco Central went through a period of extraordinarily accelerated growth during the period of the economic boom, going up from only \$112.4 million in 1975 to \$781.3 million in 1981. In 1982 the process of drawing down these reserves began, as they were used to finance the annual deficit in the balance of payments, and the reserves have supported this annual deficit since that year.

Considering 12 month periods (September 1981 to August 1982, September 1982 to August 1983, etc) to make the figures available for this year more fully comparable, we find that during the year from September 1985 to August 1986 the greatest decline in international reserves took place, with a loss of 35.1 percent in the foreign exchange position.

This percentage may be compared with equally negative rates of 9.3 percent in 1981-82, 23.5 percent in 1982-83, 4.8 percent in 1983-84, and 13.8 percent in 1984-85. As can be seen, the differences are significant.

Furthermore, regarding the level of the international reserves, it is highly probable that net holdings in foreign exchange will be recorded as declining even further in the period from September to December 1986, in accordance with historic tendencies.

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CSO: 3348/147

# COST OF LIVING INCREASES

Asuncion HOY in Spanish 22 Nov 86 p 11

[Text] Between January and October 1986 the cost of living went up by 26.2 percent for the family of a qualified worker, according to studies carried out by the Federation of Bank Workers of Paraguay (FETRABAN). This increase is much less than that recorded during a similar period of 1985, when the cost of living rose by 41.7 percent, according to the same source.

The element in the cost of living which showed the greatest growth was the category of miscellaneous expenditures, with a 28 percent increase, followed by clothing, which showed an increase of 27.7 percent. The cost of food rose by 26.1 percent from January to October, while the cost of housing increased by 22.8 percent.

## During the Past 12 Months

During the past 12 months, from the beginning of November 1985 to the end of October 1986, the FETRABAN study indicates that the cost of living increased by 27.4 percent. During this period food increased by 24.2 percent; housing, by 21.9 percent; clothing, by 27.9 percent; and miscellaneous expenditures, by 33.4 percent.

According to an analysis made by the Department of Economics of FETRABAN, the annual index referred to above "is noticeably lower than the annual indices recorded between February and May of 1986, which are around 50 percent. This indicates a high rate of inflation, at a level to which our market was not accustomed. This sharp decline in the annual index is due to the fact that, on the one hand, beginning in August 1986, the great inflationary impact of August 1985 was no longer included in it. and, on the other hand, the internal and external factors which condition the evolution of the general level of prices in our economic system."

The study refers to the conditioning factors mentioned above, which are: rigid monetary control and credit restriction by the BCP [Central Bank of Paraguay]; the low liquidity of the local money supply, which forced many companies to dispose of part of their deposits in U. S. dollars; the stabilization of the dollar on the foreign exchange market; an increased number of tourists; lower consumption by the less favored economic classes; the delay in the formulation

and implementation of the so-called adjustment plan; the decline of the U. S. dollar on the international market, as well as the drop in international interest rates; and price freezes in Brazil and Argentina, due to the economic programs adopted by both countries.

Specifically, the decline in changes in the cost of living during October was due to the effect produced by the decline in various food products, particularly the freezing of prices in neighboring countries and a greater supply of domestically produced goods.

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CSO: 3348/147



COMMERCIAL DEFICIT STATISTICS DISCLOSED

Asuncion ULTIMA HORA in Spanish 10 Dec 86 p 18

[Text] The deficit in Paraguayan foreign trade during the first 11 months of 1986 was approximately \$286 million, according to official data provided by the Directorate General of Customs and the Banco Central del Paraguay (BCP). Exports are now covering less than 50 percent of the value of imports, not taking into account the large, illegal foreign trade of Paraguay.

The foreign trade deficit of Paraguay from January to November 1986 was about \$286 million, which, in relative terms, amounts to 56.8 percent. Imports during these 11 months reached a value of \$503.3 million and exports, \$217 million, according to data provided by the Directorate General of Customs and the Banco Central del Paraguay (BCP).

The bulletin of the Department of Economic Studies of the BPC points out that between January and August 1986 imports were worth \$377 million, while exports were worth \$158 million. This left a trade deficit of \$218.9 million, or 58 percent of total foreign trade. The foreign trade balance recorded this difference as a deficit until August, and in percentage terms this deficit was maintained to almost the same extent up to November 1986.

The Report on Foreign Trade issued by the Directorate General of Customs indicated the imposing size of our imports which, at the rate of exchange of 320 guaranis to US\$1.00, amounted to \$42.8 million in September; \$35.7 million in October; and \$47.7 million in November. It also contains the FOB values of exports, which amounted to \$20.3 million in September; \$17.9 million in October; and \$20.7 million in November.

The monthly trade deficits were as follows: \$22.5 million in September; \$17.8 million in October; and \$27 million in November. The deficits in percentage terms were 52.6 percent in September, 49.8 percent in October, and 56.6 percent in November.

Therefore, up to November of 1986 the value of exports was barely able to cover 43.2 percent of the value of imports, always considering only the foreign trade handled through legal channels, using the banking system.

According to the BCP bulletin, the monthly deficits were: \$33.9 million in January, \$33.4 million in February, \$30.4 million in March, \$37.9 million in April, \$32.8 million in May, \$20.3 million in June, \$15.0 million in July, and \$15.1 million in August.

The monthly value of exports was as follows: \$6.6 million in January, \$7.6 million in February, \$10.16 million in March, \$24.5 million in April, \$27.9 million in May, \$24.37 million in June, \$31.6 million in July, and \$25.3 million in August.

In January imports amounted to \$40.5 million; in February, \$41 million; in March, \$40.58 million; in April, \$62.5 million; in May, \$60.7 million; in June, \$44.66 million; in July, \$46.6 million; and in August, 40.46 million.

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CSO: 3348/147

## BRIEFS

VALUE OF EXPORTS RISES--At the end of November the value of exports continued to increase, according to data from the Directorate General of Customs, which were published on 29 November. The cumulative value over the past 11 months amounts to \$210 million, with soy beans and cotton providing the largest share. According to statistical information contained in the report on foreign trade issued by the Directorate General of Customs for November, which records Paraguayan imports and exports, foreign sales of Paraguayan products reflected a cumulative total of \$210,414,250. This corresponds to an overall volume of 1,245,814 tons of different products shipped. On the other hand, according to the Directorate General of Customs, the bulk of the exports were shipped to countries of the Latin American Integration Association (ALADI), amounting to \$137,068,295. Among these countries the three principal purchasers of Paraguayan goods were Brazil, with \$83,741,845; Argentina, with \$33,769,764; and Chile, with \$10,707,958. Meanwhile, Paraguayan exports to the rest of the world amounted to \$73,345,955. Principal markets included the Netherlands, Switzerland, and the Federal Republic of Germany, in that order. Cotton fiber accounted for 34.63 percent of Paraguayan exports up to the end of November 1986. This product accounted for \$72,858,137, heading the list of foreign exchange generating products. Following cotton were other products, such as soy beans, with \$43,933,740 (20.88 percent); cattle products, with \$38,420,919 (18.26 percent); and wood, with \$15,998,809. The five principal banks handling Paraguayan exports are the Banco Nacional de Trabajadores, which accounted for \$29,026,361; Interbanco, \$20,542,475; Banco de Asuncion, \$18,341,315; Banco Sudameris, \$17,882,675; and Banco Union, \$12,514,531. [Text] [Asuncion EL DIARIO in Spanish 30 Nov 86 p 12] 5170

CONSULATE IN MIAMI AUTHORIZED--The Paraguayan Government will establish a consulate in Miami, Florida, and at the same time will open the Office of Trade Promotion and Investments. This will take place at a ceremony to be held in this North American city on 5 December. This newspaper was informed of this development by Dr Adela Jimenez de Perez, director of the Consular Department of the Ministry of Foreign Relations, who will represent the Paraguayan Government at the official opening of the new offices. She will leave by air for Miami on 2 December. In charge of the consulate as well as the Office of Trade Promotion and Investments will be Cesar Esteban Grillon. The objective of establishing these offices is to promote tourism, trade, and investments. The opening of the two offices will be the occasion for holding an exposition of typical products of Paraguay, in order to interest those

attending the ceremony and other personalities in certain, typical products of Paraguay. Among those invited to attend the ceremony will be distinguished political, civic, and cultural figures of southern Florida, in addition to representatives of the Consular Corps assigned to that city. Before her return to Paraguay, Doctora Perez will give the necessary instructions to be followed by Cesar Esteban Grillon for the operation of the two offices. The principal activities of the two offices will concentrate on the promotion of Paraguayan products, seeking at the same time to interest investors in our country. The Consulate will have its offices at 7205 N. W. 19th St., Suite 313, Miami. [Text] [Asuncion EL DIARIO in Spanish 30 Nov 86 p 13] 5170

NEW CONSUL IN BOLIVIA—Col (General Staff) Juan Bautista Duarte (Retired) has been appointed Paraguayan consul in Santa Cruz de la Sierra, Bolivia, replacing Col (Retired) Pedro P. Medina, who will return to the Ministry of Foreign Relations. The Executive Branch of the government issued Decree 18,582 covering this appointment on 1 December. [Text] [Asuncion EL DIARIO in Spanish 2 Dec 86 p 12] 5170

CSO: 3348/147

REPORTAGE ON TRADE, CONTACTS WITH USSR

Novotec Computer Exports

Lima El NACIONAL in Spanish 16 Dec 86 p 8

[Text] The possibility of exporting a significant quantity of personal computers to the Soviet Union, which would make Peru an exporter of its own technology, is being negotiated by the Foreign Trade Institute (ICE) with the Russian firm Electronic Technology (ELORG).

Enrique Cornejo, president of the ICE, stated that the importance of these negotiations, which are in the initial phase, lies in the possibility that Peru may develop an important export line in the computer field in the coming years.

He explained that at this time the export system to be used in this sector is under study. Compensated trade is one of the most important options being considered by the ICE along with Novotec S.A., a national company that makes personal computers.

In addition to the present negotiations, another possibility under consideration is for the country to meet its foreign debt obligations to the USSR through computer exports. Cornejo noted, however, that the matter of the computers is being discussed independently of the servicing of our debt. Taking up the issue of compensated trade again, he pointed out that this is the most obvious option for negotiation, and the one that would entail the least expenditure of foreign exchange for the country. This means that imports of any goods or services from other countries would be paid for with surplus production, whether of fishmeal, iron, or any other product. This is a modern form of the traditional custom of bartering.

Alfredo Novoa, chairman of the board at Novotec, stated that the presence of the ICE in these negotiations is the catalyst for building the great corporation that will enable Peru to become a major enterprise.

He added that Novotec has already sent imports to Czechoslovakia. Those computers are used for sporting events. It should be emphasized that the Peruvian computer is highly competitive.

The idea of exporting arose in early May of this year. The key idea is for Peru to enter the age of informatics as an actor, not just a spectator, he added.

#### Soviets Attend Physics Meeting

Lima EL NACIONAL in Spanish 29 Dec 86 p 10

[Text] The National Science and Technology Council (CONCYTEC), within the framework of its activities related to high technology, particularly those oriented toward technological innovation, has organized a seminar on "Applied Physics, Solid State." The gathering will be attended by world-renowned scientists from the USSR Academy of Science, and begins today at the Hotel Pardo in Miraflores.

The seminar, which is of great importance to the country, was announced by Carlos del Rio Cabrera, president of CONCYTEC. He indicated that our country, with the support of the current administration of President Alan Garcia Perez, is taking a number of actions designed to achieve true scientific-technological development.

A country without science and technology is a country without progress. For this reason, our leading authorities are anxious to ensure that Peru has its own technology with its own scientific development, and that it is on a par with other advanced countries in the world.

Del Rio mentioned that among the Russian speakers are Dr N.V. Klassen of the Institute of Solid-State Physics Sciences of the USSR, Dr V.K. Vlasko-Visov of the USSR Academy of Sciences, and Dr Anatoly N. Anisimov of the A.F. Ioffe Physico-Technical Institute of the USSR.

#### CONCYTEC-USSR Agreement

Lima EL COMERCIO in Spanish 30 Dec 86 p A-7

[Text] The National Science and Technology Council (CONCYTEC) is reportedly close to signing a scientific cooperation agreement with the Academy of Sciences of the Soviet Union, announced the president of that body, Carlos del Rio, yesterday.

Yesterday, in fact, three physicists from the USSR Academy of Sciences, Vlasko Visov, Vlasko Klassen, and Anatoly Anisimov, exchanged opinions with Peruvian scientists representing universities, the private sector, the armed forces, and national research institutions.

The cooperation agreements with the USSR, said del Rio, would be oriented toward personal contacts between Peruvian and Soviet scientists, the exchange of information, and the joint development of projects. These projects would include the application of laser beams, the development of semiconductors, metallurgy, applied mechanics, medicine, and a series of technological development programs.

Physicists Visov, Klassen, and Anisinov are touring all of South America. They came to Peru from Brazil, and conferred with Peruvian scientists at a meeting entitled "Applied Physics, Solid-State," organized by CONCYTEC.

#### Additional Novotec Exports

Lima EL NACIONAL in Spanish 20 Dec 86 p 15

[Exerpts] Looking to the future, many parents have decided to give computers to their children for Christmas this year, shunning the typical gifts of the past. Rather than balls and dolls, toy cars and guns, they will give the modern equipment that has begun to "invade" all fields of endeavor.

#### National Computers

We also have nationally-produced computers, whose manufacturers have decided to put them on the international market before selling them here.

For example, Novotec has developed its model CP-1000, with an 8088 microprocessor that enables it to use any kind of software compatible with the IBM PC XT. The machine has 256K of RAM memory, and comes equipped with a 12-inch monitor and a Spanish keyboard, diskette storage and two hard disks. Novotec's official distributor is the firm Cosapi Data. There are nearly 40 operating in Lima now. These computers have been widely accepted in Czechoslovakia, the FRG, the GDR, the Soviet Union, Nicaragua, Colombia, and Chile.

Herman Pflucker, one of the directors of Novotec, reported that first they want to establish a reputation abroad, and then introduce their product in our market.

#### Export Payment Formulas Studied

Lima EL COMERCIO in Spanish 15 Dec 86 p A-5

[Text] The decline in exports to the Soviet Union has prompted Peru to study formulas which it will propose to that nation at the appropriate time, in order to continue paying off our debt to it, revealed Minister of Industry, Trade, Tourism and Integration Manuel Romero Caro.

He indicated that so far "we have paid the Soviet Union \$120 million."

He said that he did not have the exact debt figures on hand at the moment, but he noted that the debt is primarily "of a military nature" and that we are paying it off with nontraditional goods.

#### Peru's Previous Proposal

He stated that some time ago Peru proposed paying the debt under a formula that called for 50 percent cash and 50 percent in nontraditional goods.



Along other lines, the minister mentioned the ministerial-level Meeting of the Cartagena Agreement Commission, which will be held through tomorrow: "Quite a bit of progress has been made on the Modification Protocol, but until it is ratified by the congresses (parliaments), work will be carried out within the framework of an emergency plan that was agreed to," he said.

Romero stated that after the Modification Protocol is ratified, officials can begin right away to "think about the Summit in La Paz."

#### 200 Arequipans Study in USSR

Lima EL COMERCIO in Spanish 21 Dec 86 p A-16

[Text] Arequipa, 20 December--Between 150 and 200 Arequipans from the southern part of the country are pursuing professional and postgraduate studies in Russia.

This was revealed here at a meeting called by parents concerned about obtaining information on the situation of their children in various cities of that foreign country.

They stated that through scholarships, with some additional spending money and other payments, the young people are able to carry out their studies in various disciplines.

It was also reported that the Peruvian-Russian Cultural Institute, headquartered in this city, is responsible for handling requests for scholarships for professional and specialized studies.

They indicated that the procedures are carried out at the Russian Embassy in Lima, where the number of scholarships and the professions to be studied are determined. These professions include electronic engineering, textile engineering, aeronautical engineering, physics, chemistry, medicine, and space engineering.

8926

CSO: 3348/164

PERU

GARCIA DENIES REMOVAL OF COMPTROLLER GENERAL CUSSIANOVICH

PY211327 Paris AFP in Spanish 0412 GMT 21 Jan 87

[Text] Lima, 20 Jan (AFP)--Peruvian President Alan Garcia tonight announced that the powerful and influential Peruvian comptroller general, Miguel Angel Cussianovich, who is a member of the opposition center-right Popular Action Party, will remain in his post, thus denying his imminent removal.

Relations between the government and the comptroller general's office became strained last month when the Economy Ministry froze its bank accounts. The opposition described this action as aggression by the government seeking to force Cussianovich to tender his resignation and stop his moralization activities.

In a brief message to the country, Garcia has asked Cussianovich not to make any more immoral threats of new fiscal investigations with the goal of collecting money from the state. Garcia has asked Cussianovich to immediately begin actions which he deems appropriate because the moral standing of the government is safeguarded and there is nothing to hide.

Comptroller Cussianovich oversees all state expenditures. He was appointed comptroller general under the administration of former President Fernando Belaunde for a 7-year term which ends in late 1987.

Garcia has also stated that the government will immediately pay the outstanding salaries of the comptroller office workers, thus overcoming the conflict.

In conclusion, the chief executive stated that the government complies with the law and makes everyone abide by the law. Garcia concluded by stating that he will not place obstacles in the way of the comptroller's office.

/8309

CSO: 5100/2064

PCP GENERAL SECRETARY REVIEWS 1986, NOTES 1987 PLANS

Lima UNIDAD in Spanish 29 Dec 86 p 5

[Interview with Jorge del Prado, general secretary of the Peruvian Communist Party, by Carlos Bonino; date and place not given]

[Text] [Question] Senator, how would you sum up 1986 and how do you view the political situation at the present time?

[Answer] This year has been characterized by its intense energy and very important events that will have repercussions in the future.

We know that in the international sphere, there has been a sharpening of the contradiction between American imperialism, representing the capitalist world, and the socialist camp, representing progress, national liberation and democracy.

The world strategy of Yankee imperialism extends to every corner of the planet and exerts influence on the ruling sectors and classes of all countries found near the United States. And yet, we know that a very important liberation process has begun on our continent. We have the example of socialist Cuba and liberated Nicaragua. In Central America, nations are waging a frontal struggle and some of them, such as El Salvador, are on the brink of gaining power. The fascist dictatorships are clinging to certain positions in order to remain in power and yet, nations are intensifying their fight against tyranny. In Chile, the fight for democracy is gaining momentum and the people's forces are now on the offensive.

Despite the strategy of imperialism, which has succeeded in ruining possibilities of a peace agreement on nuclear disarmament at Reykjavik (capital of Iceland), despite the unwilling attitude of Reagan, in the end, his own internal conduct, aimed at attacking Nicaragua and unleashing Star Wars, has been countered by strong blows in the American Congress and the Irangate scandal.

The threat of a direct attack on Nicaragua is not over; it is still latent. However, the possibility is not so great as it was a month ago. The year is drawing to a close with a political victory in the land of Sandino; that is the international balance sheet.

[Question] And on the national level, what are the main political events?

[Answer] Nationally speaking, the confrontation between the two main forces: the APRA [American Popular Revolutionary Party] and the United Left (IU), reached a climax in the municipal elections.

The Aprista government, using all possible means bestowed by political power, has managed to impose a majority of Aprista mayors, violating rules of ethics and even constitutional provisions. When one reaches such a point, it is because the people's will is of little interest. They are following the path of coercion and force.

This alerts us to what could happen in the future. We relate this shift with the culmination of reformist measures that constitute mere palliatives. The governing party is preparing to confront greater combativeness on the part of the people in their search for satisfaction of demands and a greater presence of leftist positions. Its behavior reveals that the Aprista government wants to take all levers of government power in its hands in order to be able to halt the march of the people's struggles.

[Question] This would indicate that there is no possibility of a co-government with the APRA, as some leading figures in that party have proposed.

[Answer] The alternatives are not only different, but markedly different. The last step taken by the APRA to take control of all organs of power is a sign of authoritarianism and obeys the fact that it cannot control the economic situation, so it has to resort to preventive measures. This means that they are moving away from the people's demands, a path totally opposite that followed by the United Left.

There is one redeemable feature in the government, which is its international policy. This does not mean that it is the most advanced in Latin America. However, this dichotomy between the foreign and domestic policies cannot be continued for long because of the pressures from imperialism on Peru. Consequently, the latter will do little to maintain the firm position that is required. It would not be surprising to see that position move in the opposite direction.

What happened in the elections means that the people's will is not being respected. Preventing the United Left from making use of the local organs of power they won or that they could win bars access to legitimate power based on elections. How then can there be co-government, if there is an abuse of power in unequal elections? What would it then be like in government? The United Left is the only alternative to the government and we are not going to sell out our primogeniture for a plate of beans.

[Question] How do you view the participation of the workers' and people's movement in this context?

[Answer] Unlike what has occurred in the past when there was a contrast, there was a kind of retreat. This time, in contrast, the blow was taken

with its full force. The people responded in indignation and ready to defend what they had gained. The electoral power has entered a serious crisis, which is also manifested in the Lima Provincial Electoral Jury because the imposition was not easy. There is an energetic, continuing response by the people, who are ready to fight.

The possibilities of the United Left continue to grow. We are going to move into a new phase. On the one hand, one has the combative spirit of the people, who have not let down their guard, along with the leftist parties and forces not included in the IU that are demanding respect for their rights and that are going out into the streets. On the other, you have the will of the National United Left Leadership Committee, which, taking up the demands of the rank and file, is now demonstrating a firm determination to maintain unity and see the IU operate in a more active fashion. This is a very positive sign.

[Question] Some believe that there is no coordinated process in the IU between the front and the people's movement. What is your opinion?

[Answer] That is a simplistic position, naturally. The only ones who could believe that are those not participating in the struggle -- they have no base -- because if we analyze the situation, we find that the factors in the people's camp -- I am referring to the trade union, farmers' district and other organizations -- are the same.

[Question] What aspects do you believe would be suitable to develop further to strengthen the United Left?

[Answer] The most urgent thing is to breathe life into the United Left program and channel the IU struggle, as well as the struggle of the people's organizations, toward changes backed by the United Left Program of Government. That is the strategic objective. The program cannot be limited to government measures won through elections, but rather, to structural changes once the government and political power have been won.

[Question] In that sense, do you not believe that the internal aspect of the IU, you should promote some improvements or overcome some errors previously committed?

[Answer] We are on the eve of a meeting of the National Leadership Committee of the United Left aimed at drawing up the balance sheet of the election campaign and taking a self-critical look in order to focus on the problem of the political leadership of the United Left as a whole and projections in the immediate future. As you know, comrades Alfonso Barrantes and Javier Diez Canseco apparently represented the conflictive part of the IU Leadership Committee. Many people have speculated, based on certain pronouncements made without any consultation, on criticisms, some of them unfounded, by the PUM [Unified Mariateguista Party] or the UNIR [National Union of the Revolutionary Left], and on presumptions by comrade Barrantes, that this was leading to a break, that the IU was breaking up and that it was entering a phase of mutual indictments concerning the elections.

Many of the problems have not been due to questions of our line (we all seek socialism), but rather, the methods used, the forms and types of relations to be maintained among us. That is why one of the most important points we shall take up in this review will be to overcome previous methods, not to allow our internal debate, characteristic of any alliance, to be conducted in public, but rather in private. If criticism is to be made, it must be internal. The adversary must be given the least possible chances to attack.

That is the first thing we have to correct. That is the main weakness of our movement, because if one asks every party separately or IU members who do not belong to parties what they think about the path to be followed, where we are headed, what they think about the Aprista government, what the real alternative is, what they propose we should do, then we shall find agreement on nearly everything. What we need is understanding, internal debate with the gloves off.

[Question] What prospects do you have for 1987?

[Answer] It will be a very difficult, but promising year. With every year that passes, we mature more and this year we are ready. The IU will greet the new year perfectly uniced, with respect to the rank and file and the National Leadership Committee. To those who have speculated about a possible breakup of the front, we shall give a resounding reply. We know the enemy better. We know that the far right has strength left.

In 1987, we find ourselves with a greater sense of responsibility due to the blow we have suffered and with greater readiness to recognize our weaknesses and overcome them.

Internationally speaking, peace is being consolidated because nations want to develop peacefully. That is why the nuclear disarmament proposal presented by the USSR is welcomed by men who wish to live in peace. Peace is being affirmed in Nicaragua and the dictatorships in Chile, Paraguay and Haiti are being fought.

[Question] What is your message to members of the IU and the PCP who have contributed through their struggle to the goals of the people's movement?

[Answer] The message to IU members is that we are the only alternative for the future. We are not just any rival movement. We are the alternative to the extent that the Aprista government is cheating the expectations of the Peruvian people in their need to ensure the country's independence and progress and the people's welfare. The only hope is the IU.

We could truly say that we are beginning to be the revolutionary vanguard. That is not a title that comes to us free. The facts show whether or not we are the vanguard, but we are beginning to be because of the role we are playing. In keeping with this, the conduct of our organization at the intermediate, grass-roots and individual level must be responsible and constructive.

Since the IU is the only alternative with the goal of gaining power, our members must remember, in the current situation, that they must increase discipline, organization, the struggle and unity of all progressive, democratic and revolutionary forces.

11,464

CS0: 3348/i67



# BCR LINE OF CREDIT WITH ARGENTINE GOVERNMENT

Lima 11 COMERCIO in Spanish 22 Dec 1970

[Text] The Central Reserve Bank (BCR) of Peru has established a line of credit for the National Development Bank (Argentina), which will be referred to as "the bank" in this document, to be used in transactions within the framework of the reciprocal credit agreements of the Latin American Integration Association (ALADI).

1. Amount of Credit: US \$10,000,000.00 (ten million U.S. dollars)

2. Interest Rate:

2.1 The interest rate applied to transactions carried out under this Agreement shall be 6.5 percent per annum.

2.2 The interest shall be calculated on the basis of the debit balance as of the date of each shipment of merchandise, and on the basis of 365/366-day years.

3. Terms:

3.1 The maximum term of a loan shall be 10 years, according to the table shown in Section 8.1.

3.2 The term for utilizing the credit funds shall be 2 years from the date when this agreement is signed. This term may be extended by mutual agreement. (\*)

4. Products Eligible for Financed Transactions:

This agreement shall be used to finance purchases of nontraditional goods of Peruvian origin by importers domiciled in Argentina, based on the FOB value or the C&F value, as the case may be. Said goods shall be included on the list established for that purpose by the Central Reserve Bank of Peru, and said list may be changed in accordance with the export promotion policy of the Peruvian Government. Said goods shall be subject to Argentine import restrictions and shall comply with Argentine regulations for import financing. Financing may also be provided for the purchase of spare parts, as long as

their value does not exceed 10 percent of each transaction, and their purchase has been contracted along with that of the item for which they will be used.

(\*) Term expires on 12/13/87.

5. Currency:

The transactions shall be recorded in U.S. dollars. The principal and interest payments shall also be made in U.S. dollars.

6. Procedure for Using Line of Credit:

6.1 The importer located in Argentina, after concluding the trade agreements with the exporter located in Peru, shall give notice of the transaction to "the bank" intervening in the importation.

6.2 The National Development Bank (Argentina) shall determine the eligibility of each transaction pursuant to the standards set forth in this Agreement, and shall communicate such determination to the Central Reserve Bank of Peru by telegram, indicating the amount of the transaction, the names of the importer and exporter, the type of merchandise involved, the term and reference number of the loan. It shall pledge to send to the Central Reserve Bank of Peru, within the time period established in Section 6.4, a copy of the documentary credit and the respective promissory notes referred to in Section 7.

6.3 Once the letter of credit has been negotiated, the Peruvian exporter shall submit a request, through the banking firm which negotiated it, asking the Central Reserve Bank of Peru to pay the amount corresponding to the credit granted under the provisions of this Agreement, accompanied by the following:

1. Copy of the letter of remittance that accompanied the original shipping documents from the Peruvian negotiating bank to the Argentine bank issuing the letter of credit;

2. Copy of the respective shipping documents; and

3. Certificate of origin.

6.4 After the Peruvian exporter has been paid, the Central Reserve Bank of Peru shall send a telegram to the National Development Bank (Argentina) notifying it of that fact, and shall request that it send the promissory notes referred to in Section 7. The latter shall send these promissory notes within 30 days of the date of this communication.

7. Form of Payment:

7.1 The imports financed through this line of credit shall be paid for as follows: the 5 or 10 percent of the value of the imported product paid in cash (FOB or C&F, as appropriate) shall be paid by means of an irrevocable letter of credit, opened by "the bank" in the name of the Peruvian exporter, through an authorized Peruvian banking firm; and the balance, plus the respective interest, shall be paid within the payment periods established in

Section 8.1, in equal and successive payments, by means of promissory notes signed by the Argentine importer and guaranteed by "the bank," made payable to the Central Reserve Bank of Peru, to be charged to the \$10-million Credit Agreement between the Central Reserve Bank of Peru and the National Development Bank (Argentina).

7.2 The documentary credit referred to above, whose amount corresponds to 5 or 10 percent of the value of the imported product (as the case may be), shall contain a clause which states that the remainder of the value (95 or 90 percent) shall be paid in accordance with the \$10-million Credit Agreement between the Central Reserve Bank of Peru and the National Development Bank (Argentina).

#### 8. Amounts and Payment Periods:

8.1 The payment periods are determined by the following tables:

a) For capital goods:

Five percent of the FOB value in cash and the remaining 95 percent as follows:

From	To	Term
\$10,000	\$20,000	2 years
20,001	50,000	4 years
50,001	100,000	6 years
100,001		10 years

The principal and interest payments shall be made annually. The first installment on the principal shall be made 2 years after the shipment is made, and the interest payment shall be made 1 year after that date.

b) For durable goods:

Ten percent of the FOB value in cash and the remaining 90 percent as follows:

From	To	Term
\$7,000	20,000	2 years
20,001	40,000	3 years
40,001		4 years

The principal and interest payments shall be made semiannually. The first payment shall be due 180 days after the shipment is made.

c) Other goods:

Ten percent of the FOB value in cash and the remainder plus the respective interest, in four semiannual payments, with the first payment being due 180 days after the shipment is made. Minimum amount: \$7,000.

d) Services:

Ten percent in cash and the remainder within the time periods set forth by the Central Reserve Bank of Peru upon prior consultation.

# DEBT PURCHASE SEEN AS ALTERNATIVE FOR NATION

Lima EL COMERCIO in Spanish 15 Dec 86 p A-2

[Commentary by Luis Garcia Miro E.]

[Text] More and more comments are being heard, and with increasing emphasis, on the approval of measures aimed at paying the country's foreign debt by following the system of compensation in products and/or services.

The system is nothing new, inasmuch as there are countries such as Mexico, Brazil, Argentina and Chile, among others, that have implemented similar procedures with relative success.

Obviously, not all social and political situations are identical and therein lies the current uncertainty of those wishing to follow such a procedure in Peru. As long as our nation postpones execution of such a program, we lose ground and money, both of which are being gained by those who have managed to set up their rules of play in time.

Because of the nature of our country's political structure, we believe that it is complicated to accept certain proposals such as those already being implemented in some of the countries carrying out their program to pay off their debt following such a procedure. The case of the sale of national enterprises -- recently announced by the government for the purpose of obtaining some \$400 million -- is interesting to analyze in the light of this mechanism.

The country could not offer this package of national enterprises to foreign investors and yet, one should contemplate the alternative of selling to Peruvian investors who hold bonds or notes on our foreign debt. This would achieve two objectives: reducing the debt and getting rid of enterprises not deemed suitable for government administration and ownership, thus keeping ownership in the hands of nationals.

There has been talk, for example, of one -- or perhaps more than one -- operation proposed by persons or entities holding documents on our debt purchased for some 20 percent of the original value. They would accept payment in export products in exchange for the debt securities. Now then, if these are foreign persons and/or entities, the benefit to the country would be

nonexistent and, at any rate, would be a disadvantage, inasmuch as those products, if exported by regular channels, would generate foreign exchange revenue which, if cautiously handled, would be a better alternative. In contrast, if products are delivered in exchange for debt securities, then the country would cease taking in the foreign exchange, although the debt would go down.

In the latter case, if some formula were deemed viable, one would first have to evaluate factors such as the actual increase in our export volume in constant terms and the opening of new markets and products. Basically, operations involved in such a mechanism should not take away from the average foreign exchange revenue generated by our current exports.

At the same time, we must make operations dependent upon the development of the exportation of manufactured -- or semi-manufactured -- goods (finished products or parts and pieces), with a high amount of labor and substantial content of local raw materials, particularly based on refined minerals.

At the same time, foreign individuals or entities holding foreign debt bonds would be offered tourist packages. In this case, the result would be positive, for the economic movement generated by tourism thus promoted is obviously favorable and have a spinoff effect and one would obtain a class of promoters of tourism for our country, thus increasing its volume.

These are some of the many alternatives of making use of the possibility of buying back our foreign debt through the sale of assets and/or services.

As one can see, the potential exists and the country must set to work immediately so as to find the best alternative(s) and form(s) of negotiation enabling it to benefit, at least partially, from this mechanism which, if it operates in countries such as Mexico, Argentina, Brazil and Chile, whose sovereignty is not under discussion, has no reason not to succeed in Peru.

The public sector, through its sectors of banking, foreign trade, tourism and transport, must understand the urgency of the case, joining forces with the private and government productive sector so that the country may take advantage of its delicate situation as a debtor, expanding the export volume substantially, generating work and growth in the productive sector and, obviously, reducing its heavy foreign debt.

11,464

CSO: 3348/167

## INTERIOR MINISTRY TO RETIRE 400 POLICE OFFICERS

PY102300 Paris AFP in Spanish 1717 GMT 8 Jan 87

[Text] Lima, 8 January (AFP)--It was officially reported in Lima today that a total of 400 officers and lower-ranking police officers will go into retirement sometime this week. This is in keeping with a moralization campaign of the police corps that was undertaken in August 1985 to renew the cadres.

According to Interior Minister Abel Salinas, this new group will bring to 2,237 the number of police officers who have retired since the present government started to reorganize the police corps. He added that this number includes 113 general officers who will retire with all their rights because they were asked to retire.

Walter Cuestas, chairman of the police forces commission of the Chamber of Deputies, has said that the list of retired police officers will be published on Friday or Saturday.

The legislator said that among those asked to retire are individuals who have fulfilled 35 years of service or have reached the age limit; and others who have committed serious offenses, immoral actions or common crimes.

Up to now, 1,837 men, among them officers and lower-ranking policemen, have retired, and Cuestas said that this purge does not mean that the reorganization of the police force is complete. He stated that there are still police force members who violate ethical and oral standards which all policemen should uphold, others who violate measures and regulations, and still others who have become criminals.

After announcing that the three branches of the police force, the Civil Guard, the Investigative Police and the Republican Guard, will be united into what will be called the National Police. Cuestas said that this will be made official after the new National Police School starts operating, something which will happen soon.

This police reorganization process has caused a series of incidents within the police corps. One particular incident was caused by the then director of the civil Guard, General Carlos Barreto, who was fired for having publicly disagreed with the reorganization measures and the plans to unite the police

corps that were undertaken by the Interior Ministry without the consent of the members of the Civil Guard.

Several measures were adopted against the government decision such as a threat to strike, which did not have many repercussions and a legal process that was begun by several retired officers against the interior minister. The court ruled in their favor ordering the reinstatement of the officers, but their reinstatement has not yet occurred.

/12913

CSO: 3348/188



MINISTER CONFIRMS RETIREMENT OF POLICE OFFICERS

PY161457 Lima Panamericana Television Network in Spanish 0415 GMT 16 Jan 87

[No video available]

[Text] Interior Minister Abel Salinas today confirmed the retirement of 200 police officers, including four generals.

[Begin recording] [Reporter] [question indistinct]

[Salinas] First, I must say that the first part of your question is a statement that a certain uneasiness has been detected.... Maybe you are more sensitive than we are. We, who are administering this sector, have not detected any feelings against this decision, and I believe that the presence of all Civil Guard [GC] and Investigative Police [PIP] generals confirms my words. There is no uneasiness whatsoever.

[Reporter] [words indistinct] names of the members of the police force who will go into retirement?

[Salinas] Yes, the resolution has already been signed by the president of the Republic, and is now in the hands of the police force director general for implementation.

[Reporter] How many officers will go into retirement?

[Salinas] The truth is that I do not remember the exact number. Please forgive me, but the list includes about 200 officers.

[Reporter] And how many generals?

[Salinas] Four generals.

[Reporter] To what institutions do they belong?

[Salinas] To two institutions: the Investigative Police and the Civil Guard.

[Reporter] Where will the lists be published?

[Salinas] They will be published in the institutions' general order.

[Reporter] Why will they not be published by the press?

[Salinas] Because we have no obligation to do so. [end recording.]

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CSO: 3348/188

## FINANCIAL LOSSES FROM ILLEGAL POWER HOOKUPS

Lima EL COMERCIO in Spanish 13 Dec 86 p A-14

[Text] Clandestine electric service connections in Lima have been costing Electro-Lima a loss of 450,000 intis daily, equivalent to about \$24,000. This was stated on 12 December by Engr Rolando Celi Rivera, the general manager of the company, who declared that between 70,000 to 80,000 clandestine electrical hookups have been discovered, particularly in the "new towns" [slums].

He added that this illegal activity also occurs in residential areas, where it has been found that there are factories using electrical service of the domestic type. Drastic fines have been assessed in these cases.

He said that illegal hookups damage electrical networks and result in lower electric voltages reaching homes. This may cause the breakdown of electrical household appliances over the long run.

In this connection he announced that, beginning on 1 January 1987, Electro-Lima is beginning a program of community electricity supplies in the "new towns" around Lima, beginning with Villa El Salvador.

Basically, this service provides for connecting 50 to 200 lots to a provisional, common electrical source. This kind of service will begin in about 10 collective electrical centers.

He said at a press conference held at the offices of Electro-Lima that at the same time plans have been made for the electrification of about 15,000 to 18,000 lots in various new towns and residential areas in the capital area, as part of a massive program.

The estimated cost for this kind of activity is in the order of 5,500 intis per home.

He also announced a series of projects for the improvement and expansion of electrical service in greater Lima, which will be part of the annual growth plan of the company.

5170

CSO: 3348/151

## CONSTRUCTION OF 4 NEW PRISONS ANNOUNCED

Lima EL COMERCIO in Spanish 30 Dec 86 p A-7

[Text] The Justice Ministry will allocate 130 million intis next year for the construction of four new prisons, one of which is a penal colony, and for the completion of four other penitentiary centers. This was announced yesterday by the head of that ministry, Carlos Blancas Bustamante.

He indicated that this is part of the "aggressive" policy on the penitentiary infrastructure which his sector plans to pursue. He stated that this and the reorganization of the National Penitentiary Institute (INPE) are the key problems that must be dealt with.

Blancas Bustamante made these statements after the ceremony for the installation of the special commission that will be in charge of that reorganization.

"In addition to the infrastructure, the reorganization is aimed at restructuring the administrative system, modernizing the security systems, and cleaning up the morals and improving the training of our staff. Prisons will be debureaucratized," he added.

Regarding the construction of prisons, he indicated that in 1987 his sector will earmark 86 percent of its budget for that purpose. "Initially it will be 70 million intis, and later supplementary credits will total 50 million intis," he went on.

### Penal Colony in Alto Maranon

He stated that four modern jails will be built, in keeping with the times. One of them will be a penal colony in Alto Maranon. Regarding the other three, he did not reveal their location, but he added that they will be medium- and minimum-security facilities.

In addition, the prisons now under construction in Arequipa, Trujillo, Chiclayo, and Huancayo will be completed.

As for the reorganization of INPE, Blancas stated that a new organic structure will be reviewed and adopted for this institute. "This effort is required in

order to point the country's democratic life in the right direction," he commented.

He acknowledged that at present there are serious problems of corruption and immorality, and that the employees are not adequately educated or morally fit.

"To be specific, these mafias are trying to sabotage the reorganization," said the minister.

Furthermore, the chairman of the reorganizing commission, Dr Oscar Mejia Quiroz, pointed out that recently considerable pressure has been exerted by many employees, and that people with ulterior motives have been providing false information to the press.

"They are putting up stumbling blocks, but that does not intimidate us. We will continue with our work, and let the chips fall where they will," he asserted.

8926

CSO: 3348/165

## LAND 'TRAFFICKERS' INVADE PRIVATE PROPERTY

Lima EL COMERCIO in Spanish 29 Dec 86 p A-14

[Text] Leaders and residents of numerous neighborhoods in San Martin de Porres have complained about the presence of teams from land-trafficking gangs, also known as "reconnaissance and expropriation cells," who go around the district looking for vacant lots to invade. They pay no attention to whether the land is private, public, or earmarked for use by schools or community services.

Every day groups of invaders come to these places to ask for the owners and representatives of the unoccupied property. The fearful neighbors simply say they do not know them.

At this point these individuals proceed to pull out maps and topographical surveys to calculate how many invaders could come onto the chosen site, add the complainants.

On Saturday, the ringleaders in the invasions of Cueto Fernandini openly and fearlessly showed a local TV station resolutions, plans, and "invasion orders" which they said authorized them to usurp the property of the above-mentioned educational complexes.

The squatters also mentioned legal provisions which they claim protect them.

They referred to the resolutions of the Municipality of Lima, which are intended to enforce the provisions of the new Human Settlement Property Deed Act, promulgated by the government on 4 June of this year. That law provides for the issuance of deeds of ownership in all the shantytowns that requested recognition prior to 14 April 1986.

In addition, it was learned that the commission in charge of assessing and granting title to inhabited areas made errors due to its haste in drawing up property maps and dividing lots, because the law gave it just 120 days to accomplish the task.

The main error was that it did not verify in time who were the real owners of the lands to be expropriated.

# BANK ROBBERS FOUND TURNING TO KIDNAPPING

Lima EL COMERCIO in Spanish 22 Dec 86 p A-14

[Text] The wave of kidnappings which is affecting our city has no precedent in the history of Peru.

A large number of robbers of banks and business firms have abandoned that kind of activity in view of the high risks which this involves and now have gone into kidnapping.

This statement was made by Col (PIP) Froilan Palacios Hernandez, chief of the Division for the Investigation of Kidnappings (DIVISE) of the PIP [Peruvian Investigative Police]. He emphasized that the kidnappers are common criminals who previously were active as bank robbers.

He said: "The kidnappings which occur in Lima have the special feature of being committed by common toughs who engage in this new kind of crime because the amount of money which they used to obtain from bank robberies was rather small, compared to the amount that they could obtain for the ransom of a kidnap victim."

It is known, for example, that the band led by Jorge Acosta Herrera, known as "Meteoro" [Meteor], and Segundo Cruzado Arroyo, known as "Cananguito" [Sugar Cane], both of whom are now in jail, had committed eight robberies before kidnapping Enrique Prugue Salkeld on 28 April 1986.

Between the two of them they had robbed the Banco de Credito of Magdalena, a building materials store in Brena, the "America" furniture store on Avenida Colonial, the "Sachun" tourist club on Avenida Brasil, and "La Romana" pizzeria in Pueblo Libre.

They also attacked a candy distributor on the Zepita highway; the home of Julia Veblot, a Belgian citizen; and a broker's office on the Avenida Emancipacion.

All of that probably did not bring them as much money as that collected from one of their kidnapping victims.



## High Risk

Day by day assaults on banks and business firms have their risks for these criminals, because generally in these establishments there are private police and armed civil or republican guards, who are prepared to confront these evildoers.

He explained: "Furthermore, banks have radio alarm systems. Consequently, an attack is more difficult, and there is almost always an exchange of gunfire in which one of the attackers is killed or wounded."

This is the obstacle which criminals encounter when they rob a bank and, for that reason, they are inclined to kidnap wealthy people.

## Easier to Engage in

In this way kidnapping has turned out to be a new kind of crime which is easier to engage in and pays well.

The kidnapers pick up a person and then terrorize members of his family, asking them not to contact the police, threatening to kill their victim if the family does not follow their instructions.

Colonel Palacios said: "Days go by and they continue threatening family members with blowing up their house, with mutilating the kidnap victim, with harming other members of the family, or placing bombs under the automobiles of relatives."

On other occasions, to make sure that the payment of the ransom will be made as quickly as possible, these toughs sent photographs of the victim with a hand grenade strapped to his chest or with a revolver pointed at his head.

The colonel said: "On other occasions they smear chicken blood on him and force him to show an expression of pain on his face, giving the impression that the kidnap victim is seriously wounded or has been subjected to cruel torture."

Faced with such psychological pressure, the relatives of the kidnap victims do not report these disappearances and choose to negotiate directly with the criminals, who impose conditions most convenient for them.

Colonel Froilan Palacios Hernandez emphasized: "However, most recently, because of the good results which we have been obtaining, many people are already contacting the local office of the Division for the Investigation of Kidnappings to complain of these incidents."

5170

CSO: 3348/151

## POLICE RECOVER RECORD NUMBER OF STOLEN VEHICLES

75 Percent Recovered

Lima EL COMERCIO in Spanish 14 Dec 86 p A-15

[Text] Setting an unusual record in Peru, the Civil Guard, over the past 9 months, has recovered 75 percent of the vehicles reported as stolen during this period, or 1,060 automobiles in all.

This increase in the number of recovered vehicles is due to the work performed by personnel of the Special Platoon for the Recovery of Stolen Vehicles, which comes under Command 29 of the Civil Guard, under Major Rafael Gonzales.

Under the new, organic law of the Civil Guard, which was based on the reorganization of the Police Forces, this body has been assigned the task of preventing and investigating thefts of vehicles.

To accomplish this task, about 50 men were trained, and the special platoon was activated on 28 February 1986. About 12 patrol cars were assigned to it on an exclusive basis to circulate daily through the city in search of stolen vehicles.

However, the real work does not involve circulating through the city to see what cars they find. The work of the platoon goes well beyond that. They go through all of the automobile garages, automobile storage warehouses, and parking lots. Using sophisticated methods, they locate the automobiles they are looking for.

To do this, they have personnel who are specialized in the identification of vehicles, in picking up tire treads, and in the restoration of motor and vehicle serial numbers. In doing this, they use chemical reaction tests.

Little by little their work has been improving and has reduced the incidence of vehicle thefts, leading to the capture of 12 gangs of automobile thieves. The statistics prove the effectiveness of their work.

In February 1986 22 stolen vehicles were recovered. In March the figure went up to 113. In April, it was 170; in May, 168; and in June, 227. Then, in July another 36 stolen cars were recovered; in August, 61; in September, 30; in October, 90; and finally in November, 142.

The apparent "decline" in the number of recovered vehicles from July on was due to the fact that in May and June the Civil Guard captured several gangs of "car thieves." Therefore, car thefts declined substantially, and, consequently, fewer vehicles were recovered.

#### Description of Recovered Vehicles

Lima EL COMERCIO in Spanish 22 Dec 86 p A-13

[Text] Following is a list of stolen vehicles recovered by personnel of the Seventh Regional Sub-Directorate of the Civil Guard:

Automobiles: Volkswagens - red, license number BI-5944 (13th Police Commissariat, El Porvenir); orange, license number AQ-1318 (58th Police Commissariat, Villa El Salvador); red, license number II-8247 (7th Police Commissariat, Carmen de La Legua); blue, license number BI-2275 (32nd Police Commissariat, San Juan de Miraflores); red, license number KI-9881 (12th Police Commissariat, La Victoria); lead colored, license number 3118 (79th Police Commissariat, Chacarilla del Estanque); blue, license number JI-7390, (12th Police Commissariat, La Victoria); yellow, license number BI-1950 (28th Police Commissariat, El Agustino); blue, license number II-5077 (95th Police Commissariat, San Borja); and black, license number KG-7708 (31st Police Commissariat, Salamanca).

Nissan - tan, license number EQ-8551 (95th Police Commissariat, San Borja)

Yamaha - blue, license number MC-4985 (32nd Police Commissariat, San Juan de Miraflores).

Ford - red, license number FI-5037 (58th Police Commissariat, Villa El Salvador).

Hillman - silver, license number BG-3066 (50th Police Commissariat, San Luis).

Datsun - blue, license number AI-1352 (3rd Police Commissariat, Bellavista, Callao).

5170

CSO: 3343/151

# GOLD MINING POTENTIAL SHOULD BE EXPANDED

Lima EL COMERCIO in Spanish 21 Dec 86 p A-10

[Text] The president of the Geophysical, Mining, and Metallurgical Institute (INGEMMET), Mario Samame Boggio, said that Peru must make better use of its gold potential.

Samame indicated that the country's gold wealth lies not only in its mines, but also in the gold-bearing sands of its jungle, mountain, and coastal rivers.

He cited the Andean Trapeze, particularly Puno and Madre de Dios, the Cordillera del Condor mountain area, and the mouths of coastal rivers such as the Santa, among others, as gold-rich areas.

## Favorable Climate Needed

He explained that gold can be exploited both on a small scale and at the industrial level, using modern technology. Gold shows great promise for this country because it is a metal that remains at a good price and has not suffered the vicissitudes of the crisis, he indicated.

Samame expressed the opinion that what is needed to boost gold production is logistical facilities such as highways, the supply of food, and medical care, in order to create a favorable climate for producing gold.

The president of INGEMMET stated that another promising metal is uranium, noting that there is a major deposit in Puno.

Regarding the crisis in the mining sector, he expressed optimism that it will be overcome soon, "because," he remarked, "Peru is a metal-rich country."

He distinguished between the temporary crisis of the moment, "which is due to movements on the international metals market and responds to the rise-and-fall cycle of prices," and the structural crisis, which is caused by the use of new metals as a result of modern technology.

8926

CSO: 3348/165

# NO PLAN TO REPLACE OIL WITH COAL

Lima EL COMERCIO in Spanish 29 Dec 86 p A-14

[Text] The prospect of having just 18 years of petroleum reserves left makes it imperative that measures be taken to face the future oil shortage crisis by replacing that fuel with coal.

That is an opinion widely shared by specialists and people linked to the petroleum and coal industries, who cite the need to begin consuming coal rather than oil, and the urgent need to carry out a conscientious and thorough study of the nation's coal deposits.

The experts point out that in terms of replacing petroleum with coal, Peru is several decades behind the rest of the world. In countries such as Japan, the United States, England, Brazil, Colombia, and Chile, the law forbids the use of petroleum in the cement and brick industries.

They note that although Peru's oil reserves will last just a few more years, it is not yet considering any action similar to that taken by those countries to face a future energy and social crisis as a consequence of the "petrolarization" of our economy.

In this regard, Ada Acosta de Tello, an engineer at the Institute for the Investigation of Industrial Technology and Technical Standards (ITINTEC), stated at a recent symposium that if the volume of our coal reserves is confirmed, we may have the basis for a major plan to partially replace hydrocarbons as an energy source.

In his opinion, trading petroleum for coal is an alternative that would enable us to face the lack of crude in the future, and would also become a new source of foreign exchange as both surplus petroleum and coal could be exported.

Roger Evangelista Sanchez, another engineer, also favors developing the coal industry to replace petroleum.

He pointed out that Peru is behind the times in the coal mining industry. "If we compare developed countries' per capita consumption in metric tons with our own consumption, we see that the ratio is 100 to 1," he declared.

This provides an indication of how far behind Peru is with regard to coal-based energy consumption. At the same time, this implies that what we are burning for fuel is petroleum, which is very burdensome at present, he noted.

International organizations such as the Board of the Cartagena Agreement have also expressed concern about the shortage of petroleum reserves; and along these lines, they are promoting an Andean Technological Development Program in the area of coal in order to promote the development of this industry in the region.

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CS0: 3348/165

## BRIEFS

SUPPORT FOR NICARAGUA--The Committee for Solidarity with Latin America and the Caribbean (COSLC) will take actions to lend concrete support to the struggle being waged by the Nicaraguan people against the Reagan administration. This was announced yesterday by the president of that association, Lucia Pavletich, who called upon all peoples of the world, especially those of Latin America, to spontaneously join the effort against the aggression that is being perpetrated against that brother country. "We were beginning to take up a collection for Nicaragua to make a contribution, albeit a small one, toward meeting its needs. But in view of this aggression by the United States, we are going to take more drastic measures," she declared. She also mentioned that a meeting will be held soon with Nicaraguan Ambassador Mauricio Cuadra, at which various matters related to the action to be taken will be discussed. "We must propagandize through all the media, instigate protests, collect signatures, boycott the American ambushers, and if conditions worsen even further, send brigades of volunteers to fight for Nicaragua's just cause," she said. Finally, she stated that COSALC has declared itself to be permanently in session, to deal with any contingency that may arise. [Text] [Lima EL NUEVO DIARIO in Spanish 10 Dec 86 p 6] 8926

MORRO SOLAR OBSERVATORY COMPLETED--Construction of the astronomical observatory building of the Peruvian Astronomy Association (APA) at Morro Solar de Chorrillos has been completed, it was reported yesterday by the president of that association, Gustavo Estremadoyro. The completion was made possible by the donation of 710,000 intis by "Edubanco," a subsidiary of the Continental Bank that promotes education. "We acknowledge and appreciate that valuable assistance, as well as that of the other entities which helped make the project a reality," stated Estremadoyro. The building has an auditorium capable of seating 400 people. Films, slide shows, videos, etc. will be shown there beginning in April 1987. Schools and other institutions that wish to use the facilities can request a showing on whatever subject they require. It also has a library specializing in astronomy and related sciences that is open to anyone who wishes to obtain more information. In addition, there are physics and chemistry laboratories and places for polishing mirrors, where amateurs can make their own telescopes. The classrooms, a convention hall, and meteorology and radio rooms with their respective equipment complete the interior of the building. The tower of the observatory is also finished. The only thing that remains to be completed is the dome under which the Celestron 14 telescope and the reflector will be installed. The telescope and the



reflector, which is 36 centimeters in diameter and has a 4-meter focal distance, were donated by the Astronomical League of the United States and Canada. The dome will have a diameter of 6.5 meters, and its cost, according to the budget drawn up by SIMA, will be 262,000 intis. When this project is completed, all of the elements of the best astronomical observatory in Peru will be in place. Estremadoyro explained that the APA does not have the necessary funds to build the observatory dome, so it is asking for donations from various banking, industrial, and commercial institutions to finish up this complex, as well as the Jose Castro Mendivil Planetarium. [Text] [Lima EL COMERCIO in Spanish 22 Dec 86 p A-8] 8926

ECONOMIC COOPERATION WITH CUBA--Havana, 20 December (EFE)--Peruvian Prime Minister Luis Alva Castro stated upon his arrival in Havana that he has come to ask Cuban President Fidel Castro to extend for several months the assistance that two fishing vessels from that island are providing to his country. The Peruvian minister of economy and finance stated that on his third visit to Cuba, he will also discuss matters related to technical, economic, and financial cooperation. Alva Castro today conferred the Order of the Sun of Peru on the Cuban minister of the fishing industry, Jorge Fernandez Cuervo, in gratitude for the assistance lent to Peru in this sector. Part of that cooperation consists of the loan of two Cuban fishing vessels since December 1985. The boats are fishing in Peruvian waters, and deliver their catch to local ports for domestic consumption. At the beginning of a 3-day working visit to Cuba, the Peruvian prime minister declared that relations between Cuba and Peru are at their best. Alva Castro traveled to Havana in a Peruvian Air Force plane in the company of his daughter Elisa; the coordinator of the political commission of the American Popular Revolutionary Alliance (APRA), Carlos Enrique Melgar; and the president of the Peruvian State Petroleum Agency (PETROPERU), Jaisuno Avramovich. The Peruvian delegation was met at the Havana airport by the chief of the American department of the Communist Party Central Committee, Manuel Pineiro; the secretary of the Council of State, Jose Miyar Barruecos; the minister of the fishing industry, Jorge Fernandez Cuervo; and the vice-foreign minister, Ricardo Alarcon. Peruvian Ambassador to Havana Carlos Higuera Ramos also came to the airport to welcome the visitors. [Text] [Lima EL COMERCIO in Spanish 21 Dec 86 p B-5] Havana, 21 December (EFE)--Peruvian Prime Minister Luis Alva Castro met today with Cuban President Fidel Castro, and announced that Cuban fishermen and boats will remain in Peru until the Andean country organizes its own fleet. According to the bilateral fishing pact currently in effect, which will be extended for a few more months, two Cuban vessels are fishing in Peruvian waters; their catch goes to meet the food needs of the Peruvian population. During his meeting with the leader of the Cuban revolution, Alva Castro conveyed a very special greeting from Peruvian President Alan Garcia. The Peruvian premier, who is also minister of economy and finance, ends today a 3-day official visit during which he decorated the Cuban minister of the fishing industry, Jorge Fernandez Cuervo, with the Order of the Sun of Peru. Alva Castro expressed his satisfaction with the Cuban fishing cooperation, and mentioned the possibility of stepping up bilateral cooperation in the agrarian, sports, and sugar sectors, for example. Peru is building a fishing fleet of 16 vessels in order to help alleviate the Peruvian food deficit. Luis Alva Castro also met with Cuban Vice-President Carlos Rafael Rodriguez and important members of the Communist Party of Cuba. He also visited

orthopedic hospitals in Havana, and the recently opened Biogenetics Institute in the Cuban capital. This is the third visit the Peruvian politician has made to Cuba this year. [Text] [Lima EL COMERCIO in Spanish 22 Dec 86 p 5-13] 8926

**POWER PYLONS BLOWN UP**--Two high tension, metal power pylons were blown up in the early morning hours of 19 December between Ayacucho and Huanta. As a result, the supply of electricity was cut off to both cities, and several hours later only limited service had been restored. Tower 201 was completely destroyed, while Tower 200 suffered some damage but remained standing. Two "Skoda" generators were immediately placed in service in Ayacucho, and these provided limited electrical service on a rationed basis. The shortage of electricity caused serious difficulties in public and private business offices, as well as in shops. The dynamited power pylons belong to the Cobriza-Huanta-Ayacucho power transmission line. In Ayacucho police increased their vigilance, in anticipation of an attack. [Text] [Lima EL COMERCIO in Spanish 20 Dec 86 p A-19] 5170

**UNDOCUMENTED CITIZENS**--There are now about 6.0 million undocumented citizens in Peru. 2.5 million are young persons under 18 years of age. Because they don't have identity documents, they cannot vote (in case they are of age), travel, enter into contracts, or do other things which citizens with their papers in order can do. This was revealed by Joffre Fernandez Valdivieso, the deputy for Huanuco. Within this group of undocumented Peruvians are adults and older people who, because of very high costs and troublesome judicial and administrative red tape, cannot perform their various civic obligations, the member of parliament said. He announced that a law will soon be promulgated in favor of undocumented persons, providing for free registration procedures in district capitals, during its first year in effect, for persons who have not regularized their situation. The member of parliament said: "When a child is born, the father has 30 days to register him in the municipal office at the place of birth. After this time has elapsed, registration of the birth must be handled before the courts." He added that this is why parliament has approved a law "to resolve the problem faced by many undocumented persons, whose numbers are alarming, particularly in towns with limited economic resources, such as the new towns." He announced that at present the judicial registration of the birth of an individual costs 1,000 intis (1.0 million soles), "a sum which, in many cases, cannot be paid by humble people. As a result, they do not have identity documents." He said that when the law providing for the registration without charge of undocumented persons is promulgated, "various problems will be resolved which these Peruvians have to deal with." [Text] [Lima EL COMERCIO in Spanish 15 Dec 86 p A-4] 5170

**NEW NAVY COMMANDER**--Admiral Juan Soria Diaz will be sworn in today as the new Peruvian Navy commander at a military ceremony presided over by Navy Minister Adm Willy Harm Esparza. Soria replaces Adm Victor Nicolini del Castillo. [Summary] [Lima EL COMERCIO in Spanish 31 Dec 86 p A06 PY] /12913

**PIP DIRECTOR INSTALLED**--Police Force General Manuel Suarez Salcedo was installed today as new Peruvian Investigative Police director in a ceremony presided over by Interior Minister Abel Salinas. Gen Suarez Salcedo replaces Lieutenant General Mario Munoz Malaver, who has retired after having served as an officer for 35 years. [Summary] [Lima Panamericana Television Network in Spanish 0415 GMT 16 Jan 87 PY] /12913

MILITARY CHIEFS INSTALLED--Gen Enrique Lopez Albuja Trint, commander in chief of the Peruvian Army, yesterday installed Army Maj Gen Atilio Mantilla Vera as commander of the Second Military Region. General Mantilla, who replaces Gen Ismael Araujo Vera, later installed Gen Carlos Luperdi Gonzalez as commander of the 18th Armored Division. [Summary] [Lima EXPRESO in Spanish 4 Jan 87 p 3 PY] /12913

ARMY PROMOTIONS--The Peruvian Senate has ratified the promotion to Major General of Army Brigadier Generals Edwin Diaz Zevallos, Atilio Mantilla Ver, Jorge Zegarra Delgado, Samuel Rubio Arevalo, and Victor Raul Silva Tuesta. The Senate also ratified the promotion to Brigadier General of Army Colonels Luis Vicente Alcantara Vallejo, Moises Bracamonte Broughet, Victor Manuel Alvarado Trujillo, Jorge Sanchez Manrique, Guillermo Felix Morales Suarez, Juan Alejandro Rojas Torres, Jose Rolando Valdivia Duenas, Julio Rolando Salazar Monroe, Roberto Orlando Calderon Tipacti, Luis Angel Candiotti de los Rios, Roberto Saldana Vasquez, Luis Cardenas Munoz, Jorge Eduardo Icochea de Vivanco, Hector Miguel Sakuma Mundace, and Ernesto Benavente Lopez. [Summary] [Lima EXPRESO in Spanish 12 Dec 86 p 6 PY] /12913

POLICE PROMOTIONS--The Peruvian Senate has ratified the promotions of Police Force General Alberto Anacleto Bernedo Moscoso to Police Force Lieutenant General; Peruvian Investigative Police (PIP) colonels Juan Salas Cornejo, Juan Durand Vizcardo, and Luis Ruiz Paz to PIP generals; Civil Guard (GC) Colonels Lizandro Alvitez Falcon, Luis Benito Toledo Mayo, Julio Cesar Picoaga Goday, Anibal Baca Asteta, and Oswaldo Alfredo Diaz Salvador to GC generals; and Republican Guard (GR) Colonels Jose Guadalupe Zuta Valqui, and Juan Bautista Cabanillas Avila to GR generals. [Summary] [Lima EXPRESO in Spanish 16 Dec 86 p 14 PY] /12913

YOUTH BRIGADE TO NICARAGUA--Continuing the internationalist traditions of the Peruvian people, a new contingent of young people belonging to the Esteban Pavletich Internationalist Youth Brigade will leave for Nicaragua on 7 January. It will join and serve the Sandinist revolution at a time when the Reagan Administration is intensifying application of its plan to invade Nicaragua, encouraging and financing the Contras and using the Honduran Armed Forces. This brigade was founded in November 1985 with the organization of the 1st Contingent, which successfully completed its mission in January, February and March 1986. This attitude of Peruvian young people of demonstrating their solidarity with concrete action helps to solidify the bonds of friendship with that Central American nation. In addition, we all recall that in the past, Peruvian young people lent their resolute support by participating in the bloody Spanish Civil War in the 1930's, the great actions of solidarity with the triumphant Cuban revolution, the first free territory in America, and their condemnation of Yankee aggression against the courageous Vietnamese people. The 2d Contingent of the Pavletich Brigade will leave for Nicaragua on 7 January, the date of a great farewell assembly at the Plaza Dos de Mayo. It is scheduled for 1800 hours and is organized by the Brigade's coordinating committee. Participating in it will be the different youth organizations of the United Left (the JCP [Peruvian Communist Youth], JM, JCR, APS [Socialist

Popular Action)), the UDP [Popular Democratic Union] and other organizations such as the CGTP [General Confederation of Peruvian Workers], the CGCP [General Confederation of Peruvian Peasants], the Jose Carlos Mariategui Pioneers, the MUR, the UES and others. [Text] [Lima UNIDAD in Spanish 29 Dec 86 p 12] 11,464

CSO: 3348/167

NAR ADMINISTRATION MOVES TO TAKE REINS OF GOVERNMENT

Industrial Development Plans

Port-of-Spain DAILY EXPRESS in English 10 Jan 87 p 3

[Text]

**INDUSTRY** and Enterprise Minister Ken Gordon said yesterday that his Ministry will be working with the business community in refining and developing an appropriate package of measures and implementing a suitable programme for developing indigenous industries.

The Minister made the disclosure when he delivered an address before he sealed containers of clay patio pavers for export to Florida by Trinidad Aggregate Products Ltd (TAP) in Longdonville.

The ceremony was held by TAP to commemorate the company's first export shipment of clay patio pavers to Florida. The US\$40,000 shipment is its first export achievement outside Caricom.

TAP is also confident that within the next two to three months, it will be shipping 20 containers per month to the US.

Gordon and External Affairs and International Marketing Minister, Basdeo Panday, were invited to put the seal to the seven containers of the tiles. One more container of tiles is also due to be shipped shortly.

Senator George Weekes and Parliamentary Representative for Caroni East, Dr Beau Tewarie, were also present at the function.

Gordon told the gathering that the Ministry has under consideration initial proposals from the Trinidad and Tobago Manufacturers Association (TTMA) for assisting industry based in local mineral and resources other than oil.

However, Gordon said it was clear that the package must allow for incentives, research and development, training and technology, requisition and export development.

A request was made earlier by TAP's managing director, Eddie Reid that a portion of funds that can be allocated be made available to assist in carrying out research and development on the utilisation and application of indigenous raw materials as inputs into industry.

Reid also pointed to the need for meaningful incentives for pioneers who will forego imported raw materials and develop zero base industries. Reid said international agencies were willing to assist in such development but added that

this could only be so through the assistance of governmental agencies.

TAP's managing director also drew attention to the fact that the company has applied two years ago for a lease of 100 acres of clay reserves which will be necessary for the company's intended plans to produce glazed ceramic tiles.

Reid sought the assistance of both Gordon and Panday in assisting the company to have the approval for the lease granted so that the company could go ahead with the project of which 85 per cent of the production is targeted for export to North American markets.

Gordon told the businessmen present at the function that industry has to become export competitive. "Industrialists have to go aggressively after export markets. All segments and both sides of industry has to work together and make sacrifices with their eyes firmly on the long term goal.

"Government can help it happen but cannot make it happen. That is up to you. We can facilitate and support but only you can implement," he said.

## Actions in Senate

Port-of-Spain DAILY EXPRESS in English 10 Jan 87 p 3

[Text]

**ALLOY Lequay has been elected Leader of Government Business in the Senate, to be convened together with the House of Representatives on Monday.**

Lequay was elected from three candidates at a party caucus in Port of Spain on Thursday, when External Affairs Minister Basdeo Panday was named Leader of the House of Representatives and Anthony Isidore Smart deputy Speaker.

Tabaquite representative Nizam Mohammed has already been named Speaker-designate of the House and is to be elected to this post when Parliament convenes on Monday.

Lequay, 62, has been a senator

before, during the 1970s, and acted on three different occasions in the Senate during the 1981 to 1986 term.

He is to meet with the other 15 Government senators over the weekend after an announcement is made about the President of the Senate. They will then discuss the selection of a deputy President of the Senate.

The *Express* has learnt that Clive Spencer, now general manager of Sea Land, is likely to be selected as the principal candidate for President of the Senate, though he is not a Government senator. The Senate President will be formally elected when Parliament meets on Monday.

The Constitution states that

the President of the Senate must be a member of the Senate, but he need not be a Government senator.

The *Express* was told the Government may wish to encourage the election of one of the nine independent senators appointed by the President in the interest of balance.

When the Senate convenes on Monday, the candidate for the Presidency of the Senate will not be present in the Senate Chamber. With 16 Government senators, nine independent senators and six Opposition senators, this would mean that if the candidate were a Government appointed senator, and not present for the vote, there could be a tie vote, 15 to 15.

## Position on Local Authority

Port-of-Spain DAILY EXPRESS in English 17 Jan 87 p 4

[Text]

**THE NEW National Alliance for Reconstruction (NAR) government is anxious to restore to local government bodies all the powers which they enjoyed under existing legislation.**

This was made clear by Minister in the Office of the Prime Minister Responsible for Local Government Dr Brinsley Samaroo, when he addressed members of the San Fernando Borough Council on Thursday. The meeting was held at the San Fernando Town Hall and presided over by Mayor Rakeeb Hosein. Dr Samaroo was accompanied by San Fernando West Parliamentarian Dr Anslem St George and Permanent Secretary Sakal Seemungal.

The Minister gave an assignment to all members of the council. Said he: "I want all government and opposition members in the council to go through the present ordinances which control your activities.

"See what powers have been left to you. See what powers have been taken up by other authorities but which rightly ought to belong to you." He told the council it must also discuss new areas of responsibility which were desirable to serve the burgesses of San Fernando better.

He said: "Devolution of powers for local government authorities must become a reality. But you must understand that increased powers impose increased responsibility."

He told the council that if powers to the council were to be enhanced it must expect closer scrutiny from the Ministry.

/9317

CSO: 3298/113



BUREAUCRATS' LOYALTY TO NEW GOVERNMENT IN QUESTION

PNM 'Sabotage' Plan

Curepe THE BOMB in English 2 Jan 87 p 15

[Text]

**SABOTAGE THE NAR**  
during the first 90 days.

That's the message going out to all PNMites holding high Government office.

"We have to make the NAR action plan fail during the first 90 days if the PNM is to survive at all," the dirty tricks men agreed.

Is that the sting in the tail that George Chambers, the former PNM prime minister warned about on the hustings?

Reports reaching the BOMB indicate that the silent PNM clique holding senior positions in the public service met in the wake of their party's defeat and planned the 'sting'.

The powerful clique has deep roots in the Ministry of State Enterprises,

National Security, Industry and Commerce, Works, Public Utilities, Finance, Health, Agriculture, Foreign Affairs and even at Whitehall.

But the damage will come from the Ministry of Finance where some of the economists, budget analysts and planners have sworn to serve the PNM for life.

An economist from the budget department was quoted as saying that 'he could not support the NAR plans'.

The Minister of Finance will have a hard time trying to get personnel in his ministry to carry out directives.

In Health, there are 3,000 people employed at the POS hospital where the payroll is \$11 million monthly.

The place is over-staffed not with doctors and nurses but maids, attendants and wardsmen who are tripping over each other.

Most of the surplus staff in the hospital are PNM loyalists who bear no allegiance to the NAR government and its plan for reconstruction of the economy and the country.

Diehard PNMites like Jimmy Bain, Andrew Rose and Winston Borrel from the Tourist Board, have refused to resign making way for an NAR takeover.

The Permanent Secretaries whom Prime Minister Robinson met on Friday once carried the balisier, as the case of retired PS Leo Seebaran who campaigned for the PNM out of the



Foreign Affairs ministry.

On his retirement Leo was given a \$6,000 a month job as consultant to the Ministry of Community Development.

Robinson had said publicly that the NAR will have no political persecution and those who hold high office and supported the PNM will not be victimised.

But the vindictive PNM which pillaged the economy for 30 years, would not want the NAR to know how the money was mis-spent or to cooperate with them to get the country rolling again over the next three months.

If the NAR picks up momentum and gets its manifesto cracking, it will lure more people into the fold leading to a one party state.

No one would want to be seen near a balisier.

That's why a small clique of desperate men who want to hold on to power and the fragmented PNM is using supporters of the party, well-placed in the public service, to capsize the NAR plan of action.

There are an estimated 175,000 people in the public sector and a handful are saboteurs.

boteurs.

They can do great harm to the economy by stifling growth at the rate the NAR projects.

Should NAR fail in 90 days, the saboteurs will be highly rewarded.

The PNM will crow over the failure of the NAR and rekindle the dying party.

ANR should parry the PNM sting before he falls victim.

Chambers and his band of defeated Cabinet ministers are waiting and praying for the NAR to fail so they could have the last laugh.

That is sabotage!

#### Intragovernment Machinations

Port-of-Spain DAILY EXPRESS in English 19 Jan 87 p 1

[Article by Andy Johnson]

[Text]

**INTENSE DEBATE** is taking place in the upper ranks of the public service about the question of public service loyalty to the new government.

The *Express* understands that senior public servants who were known to be loyal and identified with the former administration are being targeted by other members of the service.

In fact, senior public servants are suggesting the Robinson Administration move swiftly to halt what could be a crippling and embarrassing situation in the weeks and months to come.

The *Express* also learnt that a number of public officers who were known loyalists in the former regime approached the Prime Minister and other Cabinet ministers explaining their roles, and asking to be understood.

It has been suggested that the Government undertake an immediate re-assignment of senior public officers, including permanent secretaries and heads of divisions and departments in various ministries.

Only last Friday in Parliament, Prime Minister A.N.R. Robinson, speaking about the issue of a smooth transition of power, alluded to a senior public servant who instead of making arrangement to receive the Caricom ministers, (who came for the opening of the Parliamentary session) was busy hosting a party for his former minister.

Informed Sources told the *Express* that in a number of cases throughout the service, officers who have held positions of great sensitivity and confidentiality in the last government should be shifted.

The *Express* has been told of senior public officers who were known to be members of the former ruling party, some of whom appeared on political platforms or took active part in politi-

cal campaigns for the People's National Movement (PNM).

"The Government is allowing itself to be hamstrung and to be frustrated if it allows some of these people to remain in their present positions," one senior public officer said this week.

It is understood that officers in several ministries have been looking askance at the recent incident at Piarco International Airport, in which a woman was not allowed to enter the country, while her husband was permitted entry.

External Affairs Minister Basdeo Panday intervened and ordered that the woman be permitted entry. Whether the Minister was right or wrong and whether the immigration officer on duty acted properly in the matter has since been a hot topic among senior public officers.

"They are going to go by the law in their attempt to oppose and frustrate this government," one source said, citing this incident as an example.

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*MARCH 17, 1987*